

**GALVESTON INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL  
REPORT**

**For the Fiscal Year Ended August 31, 2022**



# **GALVESTON INDEPENDENT SCHOOL DISTRICT**

## **TABLE OF CONTENTS**

	<b><u>Page</u></b>	<b><u>Exhibit</u></b>
<b>Certificate of Board</b>	i	
<b>Independent Auditor's Report</b>	1	
<b>Management's Discussion and Analysis</b>	5	
<b>Basic Financial Statements:</b>		
Government-wide Financial Statements:		
Statement of Net Position	15	A-1
Statement of Activities	16	B-1
Governmental Fund Financial Statements:		
Balance Sheet	17	C-1
Reconciliation of Balance Sheet for Governmental Funds to Statement of Net Position	19	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances	20	C-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22	C-4
Proprietary Fund Financial Statements		
Statement of Net Position	23	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position	24	D-2
Statement of Cash Flows	25	D-3
Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Position	26	E-1
Statement of Changes in Fiduciary Net Position	27	E-2
Notes to the Financial Statements	29	F-1
<b>Required Supplementary Information:</b>		
Budgetary Comparison Schedule - General Fund	59	G-1
Notes to Required Supplementary Information	60	
Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas	61	G-2
Schedule of the District's Pension Contributions – Teacher Retirement System of Texas	62	G-3
Notes to Required Supplementary Information – Pension	62	
Schedule of the District's Proportionate Share of the Net OPEB Liability – Teacher Retirement System of Texas	64	G-4
Schedule of the District's OPEB Contributions – Teacher Retirement System of Texas	65	G-5
Notes to Required Supplementary Information – OPEB	66	
<b>Other Supplementary Information:</b>		
Combining Fund Statements:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	69	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	76	H-2
<b>Required TEA Schedules</b>		
Schedule of Delinquent Taxes Receivable	85	J-1
Budgetary Comparison Schedule - Child Nutrition Program Fund	86	J-2
Budgetary Comparison Schedule - Debt Service Fund	87	J-3
Compensatory Education Program and Bilingual Education Program Compliance Responses	88	J-4
<b>Required Responses to Selected School First Indicators</b>	89	L-1

# **GALVESTON INDEPENDENT SCHOOL DISTRICT**

## **TABLE OF CONTENTS (continued)**

	<b><u>Page</u></b>	<b><u>Exhibit</u></b>
<b>Federal Awards Section</b>		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	93	
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance	95	
Schedule of Findings and Questioned Costs	99	
Schedule of Expenditures of Federal Awards	101	K-1
Notes to Schedule of Expenditures of Federal Awards	103	K-2
Summary Schedule of Prior Audit Findings	105	
Corrective Action Plan	106	

**CERTIFICATE OF BOARD**

**Galveston Independent School District**

\_\_\_\_\_  
Name of School District

**Galveston**

\_\_\_\_\_  
County

**084-902**

\_\_\_\_\_  
Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended August 31, 2022, at a meeting of the board of trustees of such school district on December 14, 2022.

\_\_\_\_\_  
President of the Board

\_\_\_\_\_  
Vice President of the Board



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Galveston Independent School District (the "District") as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, accompanying the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 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 GAAS 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 GAAS 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 management's discussion and analysis, budgetary comparison information, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements, required Texas Education Agency (TEA) schedules, 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 nonmajor fund financial statements, required TEA schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



To the Board of Trustees  
Galveston Independent School District

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Schedule L-1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control over financial reporting and compliance.

Houston, Texas  
December 14, 2022



## **GALVESTON INDEPENDENT SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Galveston Independent School District's annual financial report presents the administration's discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

#### **Financial Highlights**

- The assets and deferred outflows of the District exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$22,405,985. Of this amount, \$24,221,480 was net investment in capital assets, which represents the carrying value of the capital assets in excess of the related debt. \$5,204,753 was restricted for debt service and \$10,331,780 was restricted for federal and state programs. The remaining amount was a deficit unrestricted net position of \$17,352,028.
- The District's total net position increased by \$6,413,929 after a prior period adjustment of \$390,114. Net position increased by \$6,804,043 as a result of current year activities as a result of increased property tax revenue and grant funding.
- The District's governmental funds reported combined ending fund balances of \$298,415,562 as of August 31, 2022. Of this amount, \$1,140,719 is non-spendable in the form of (1) inventory in the amount of \$59,965 and (2) prepaid items in the amount of \$1,080,754. Fund balance of is restricted for (1) federal and state grants in the amount of \$10,331,780, (2) debt service in the amount of \$5,564,118, and (3) capital acquisitions in the amount of \$249,809,997. Fund balance of is committed for (1) disaster recovery of \$5.0 million and (2) decreases in state funding of \$6.0 million and (3) other committed in the amount of \$363,045. The remaining amount in fund balance of \$20,205,903 in the general fund is classified as unassigned and is available for spending at the District's discretion. The unassigned fund balance represents 21% of total general fund expenditures.
- The District's bonded debt increased by \$230,400,000 as a result of the issuance of \$235.8 million in capital-related bonds, less \$5.4 million in principal payments on debt.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

#### **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference of the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*).

## **GALVESTON INDEPENDENT SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

#### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains individual governmental funds for general, special revenue, debt service, and capital projects funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, ESSER II fund, ESSER III fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and National School Breakfast and Lunch Program special revenue fund.

#### **Proprietary Funds**

The District maintains an internal service fund for the Care Here program. *Internal service funds*, one type of proprietary fund, are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. Because this service predominantly benefits governmental functions, it has been included within *governmental activities* in the government-wide financial statements. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

#### **Fiduciary Funds**

The fiduciary funds are used to account for resources held for the benefit of students and employees. The fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs.

A *custodial fund* is a type of fiduciary fund used to report resources held by the District in a purely custodial capacity. The District accounts for the activities of student groups in this type of fund.

A *private purpose trust fund* is a second type of fiduciary fund. Private purpose trust funds are used to report all trust arrangements, other than those properly recorded in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. The District accounts for student scholarships in a private purpose trust fund.

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund. The Required Supplementary Information also includes information related to the required pension system information and the required other post-employment benefit system information.

**Other Information**

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of the District exceeded liabilities and deferred inflows by \$22,405,985 at the close of the most recent fiscal year.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Governmental Activities**

	<b>Governmental Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>Change</b>
Current and other assets	\$ 312,162,755	\$ 59,808,745	\$ 371,971,500
Capital assets	81,409,256	85,312,102	166,721,358
Deferred Outflows of Resources	16,690,361	16,178,639	32,869,000
<b>Total Assets and Deferred Outflows of Resources</b>	<b>410,262,372</b>	<b>161,299,486</b>	<b>571,561,858</b>
Current liabilities	31,965,389	32,521,164	64,486,553
Long term liabilities	320,209,755	85,841,017	406,050,772
Deferred Inflows of Resources	35,681,243	26,945,249	62,626,492
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>387,856,387</b>	<b>145,307,430</b>	<b>533,163,817</b>
<b>Net Position</b>			
Net investment in capital assets	24,221,480	25,002,928	49,224,408
Restricted	15,536,533	14,211,583	29,748,116
Unrestricted	(17,352,028)	(23,222,455)	(40,574,483)
<b>Total Net Position</b>	<b>\$ 22,405,985</b>	<b>\$ 15,992,056</b>	<b>\$ 38,398,041</b>

Net position in the governmental activities is restricted for various purposes as follows:

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
Federal and state programs	\$ 10,331,780	\$ 8,865,499
Debt Service	5,204,753	5,346,084
	<b>\$ 15,536,533</b>	<b>\$ 14,211,583</b>

The remaining balance of net position in the governmental activities consists of an unrestricted net deficit of \$17,352,028. At the end of the current fiscal year, the District reports positive balances in restricted net position and net investment in capital assets, which is reported net of outstanding related debt, in the governmental activities. The District's net position of the governmental activities increased by \$6,413,929 after a prior period adjustment of \$390,114. Net position increased by \$6,804,043 as a result of current year activities as a result of increased property tax revenue and grant funding.

Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent 98% of total revenues. The remaining 2% is generated from charges for services, investment earnings, and miscellaneous revenues.

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

	<b>Governmental Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>Change</b>
<b>Program Revenues</b>			
Charges for services	\$ 1,159,998	\$ 346,627	\$ 813,371
Operating grants and contributions	32,869,517	30,919,584	1,949,933
<b>General Revenues</b>			
Property taxes	96,014,616	87,569,271	8,445,345
State Aid - Formula Grants	3,449,946	4,789,360	(1,339,414)
Interest earnings	401,846	89,733	312,113
Gain on sale of capital assets	49,023	-	49,023
Miscellaneous	1,007,966	1,653,405	(645,439)
<b>Total Revenues</b>	<b>134,952,912</b>	<b>125,367,980</b>	<b>9,584,932</b>
<b>Expenses</b>			
Instruction	48,171,577	49,406,211	(1,234,634)
Instructional resources and media services	317,874	327,810	(9,936)
Curriculum and staff development	3,371,384	4,165,258	(793,874)
Instructional leadership	2,756,138	2,837,087	(80,949)
School leadership	4,348,040	4,338,142	9,898
Guidance, counseling, and evaluation services	2,783,966	2,381,086	402,880
Social work services	472,777	360,477	112,300
Health services	826,897	1,050,132	(223,235)
Student transportation	2,976,452	3,044,368	(67,916)
Food service	4,665,049	4,129,694	535,355
Extracurricular activities	2,242,737	1,962,545	280,192
General administration	3,274,386	3,462,853	(188,467)
Facilities maintenance and operations	12,831,377	12,820,213	11,164
Security and monitoring services	1,065,250	1,197,137	(131,887)
Data processing services	2,153,618	3,433,079	(1,279,461)
Community services	1,151,133	1,156,269	(5,136)
Interest on long-term debt	4,683,501	1,784,866	2,898,635
Contracted instructional services between schools	29,261,168	21,054,863	8,206,305
Payments related to shared services arrangements	38,524	97,388	(58,864)
Other intergovernmental charges	757,021	699,219	57,802
<b>Total Expenses</b>	<b>128,148,869</b>	<b>119,708,697</b>	<b>8,440,172</b>
<b>Change in Net Position</b>	<b>6,804,043</b>	<b>5,659,283</b>	<b>1,144,760</b>
<b>Beginning Net Position</b>	<b>15,992,056</b>	<b>13,042,904</b>	<b>2,949,152</b>
Prior period adjustment	(390,114)	(2,710,131)	2,320,017
<b>Ending Net Position</b>	<b>\$ 22,405,985</b>	<b>\$ 15,992,056</b>	<b>\$ 6,413,929</b>

Note: Activity for prior year amounts has not been revised for the prior period adjustment.

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

	<b>Total Revenues</b>	<b>% of Total Revenues</b>
Property taxes	\$ 96,014,616	71.1%
State Aid - Formula Grants	3,449,946	2.6%
Operating grants and contributions	32,869,517	24.4%
Other revenue	2,618,833	1.9%
<b>Total Revenues</b>	<b>\$ 134,952,912</b>	<b>100%</b>

The primary functional expense of the District is instruction, which represents 38% of total expenses. Other major functional expenses of the District are listed separately below. The other expenses represent individual functional categories of expenses which are each less than 3 percent of total expenses.

	<b>Total Expenses</b>	<b>% of Total Expenses</b>
Instruction	\$ 48,171,577	37.6%
School leadership	4,348,040	3.4%
Food service	4,665,049	3.6%
Facilities maintenance and operations	12,831,377	10.0%
Interest on long-term debt	4,683,501	3.7%
Contracted instructional services between schools	29,261,168	22.8%
Other expenses	24,188,157	18.9%
<b>Total Expenses</b>	<b>\$ 128,148,869</b>	<b>100%</b>

**Governmental Funds Financial Analysis**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$298,415,562, an increase of \$254,043,714 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$20,205,903, while total fund balance reached \$32,346,622. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21% of expenditures and total fund balance represents 34% of the same amount.

During the current fiscal year, the total fund balance of the District's general fund increased by \$2,428,497 due to budgeted increases in property tax revenue.

The debt service fund has a total fund balance of \$5,564,118, all of which is restricted for the payment of debt service. The fund balance increased during the current year by \$498,252 due to an increase in property tax revenues.

The ESSER II fund had total revenues of \$4,257,134 due to new grants awarded to reimburse the District for COVID-19 recovery costs.

The ESSER III fund had total revenues of \$3,989,537 due to new grants awarded to reimburse the District for COVID-19 recovery costs.



**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget of the general fund are summarized as follows:

	<b>Budget</b>	
	<b>Original</b>	<b>Final Amended</b>
Total revenues	\$ 99,140,391	\$ 99,140,391
Total expenditures	107,116,470	102,316,470
<b>Net Change in Fund Balance</b>	<b>\$ (7,976,079)</b>	<b>\$ (3,176,079)</b>

**Capital Assets**

The District's investment in capital assets for its governmental type activities as of August 31, 2022, includes land, buildings and improvements, and furniture and equipment. The investment in capital assets (capital outlays) during the current year amounted to \$2,976,928. The following table summarizes the investment in capital assets as of August 31, 2022 and 2021.

	<b>August 31, 2022</b>	<b>August 31, 2021</b>
Land	\$ 4,418,388	\$ 4,418,388
Buildings and improvements	188,010,670	187,341,126
Furniture and equipment	12,836,067	11,564,350
Vehicles	6,793,621	7,474,211
Right to use assets	246,830	-
Construction in progress	897,074	-
Total at Historical Cost	<u>213,202,650</u>	<u>210,798,075</u>
Less Accumulated Depreciation/Amortization for:		
Buildings and improvements	(117,465,327)	(111,389,506)
Furniture and Equipment	(10,210,313)	(9,965,762)
Vehicles	(3,999,278)	(4,130,705)
Right to use assets	(118,476)	-
Total Accumulated Depreciation/Amortization	<u>(131,793,394)</u>	<u>(125,485,973)</u>
<b>Net Capital Assets</b>	<b>\$ 81,409,256</b>	<b>\$ 85,312,102</b>

Additional information on the District's capital assets can be found in the notes to the financial statements.

**Long-term Liabilities**

At the end of the current fiscal year, the District had in bonded debt outstanding, a decrease of over the previous year. The District's bonds are sold with an "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program. The underlying rating of the bonds from Standard and Poor's is "AA" and from Moody's Investors Service is "Aa3" for unlimited tax debt. Changes in long-term debt, for the year ended August 31, 2022, are as follows:

<b>Outstanding 09/01/21</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding 08/31/22</b>
<u>\$ 55,100,000</u>	<u>\$ 235,840,000</u>	<u>\$ (5,440,000)</u>	<u>\$ 285,500,000</u>

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Economic Factors and Next Year's Budgets and Rates**

- The District's enrollment has been declining since the start of the pandemic. Prior to the pandemic, enrollment was a little over 7,000 students. In FY 2021, enrollment was 6,698 students and in FY 2022, it was 6,535. At the time the budget was adopted, enrollment was projected at 6,442 for FY 2023.
- In May 2022, the voters approved \$314.8M in general obligation bonds for a new Ball High School and natatorium, a new Courville Stadium, renovations to Central, Weis and Austin Middle Schools, the purchase of buses and white fleet vehicles, and technology upgrades. In August 2022, the District sold \$250M in bonds.
- For 2022-2023, the maintenance and operations tax rate is \$.8646, while the debt service rate is \$0.1704, for a total tax rate of \$1.0350. The maintenance and operations tax rate decreased \$0.0174, and the debt service rate increased by \$.0892 when compared to 2021-2022, due to the added debt service from the sale of \$250M in bonds. The adopted M&O tax rate reflects tax rate compression mandated by House Bill 3 of the 86th Legislature.
- Operating expenses per student in the District's general fund were \$10,239 for 2021-2022, net of the excess revenue (recapture) payment due to the Texas Education Agency. Operating expenses per student (net of recapture) for the 2022-2023 fiscal year are projected to be \$11,099. The increase is primarily due to a decrease in ESSER funds that were available in the prior fiscal year.
- Overall, net taxable property values increased 19% from the prior year. However, the average taxable residence in Galveston decreased from an average taxable value in FY 2022 of \$126,737 to \$120,168 in FY 2023. This decrease was caused by a \$15,000 increase in the homestead exemption passed into law in May 2022.
- Expenditures are budgeted to increase 12% or \$12.7M. This increase is primarily due to a \$14M increase in the excess revenue (recapture payment) due to TEA. Net of recapture, expenditures are expected to decrease 1.75% due to a decrease in expenditures for capital projects in FY 2023.

These indicators were taken into account when adopting the budget for 2022-2023. The Galveston Independent School District general fund adopted budget for 2022-2023 is as follows:

<b>General Fund Budget</b>	<b>Original</b>
Budgeted Revenues	\$ 115,150,000
Budgeted Expenditures	115,550,000
	<u>\$ (400,000)</u>

**Contacting the District's Financial Management**

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Dr. Jerry Gibson, Superintendent, at P.O. Box 660, Galveston, TX 77553 or by calling (409) 766-5100. You may also view previous year's financial reports on the District's website at [www.gisd.org](http://www.gisd.org).

## **BASIC FINANCIAL STATEMENTS**



**GALVESTON INDEPENDENT SCHOOL DISTRICT**
**STATEMENT OF NET POSITION**
**August 31, 2022**
**Exhibit A-1**

<b>Data Control Codes</b>		<b>Governmental Activities</b>
	<b>Assets</b>	
1110	Cash and cash equivalents	\$ 292,489,449
1220	Property taxes receivable	7,717,889
1230	Allowance for uncollectible taxes	(1,795,543)
1240	Due from other governments, net of allowance	12,213,945
1267	Due from others	40,000
1290	Other receivables	230,888
1310	Inventories	185,373
1410	Prepaid items	1,080,754
	Capital assets:	
1510	Land	4,418,388
1520	Buildings, net	70,545,343
1530	Furniture and equipment, net	5,420,097
1550	Right to use assets	128,354
1580	Construction in progress	897,074
<b>1000</b>	<b>Total Assets</b>	<b>393,572,011</b>
	<b>Deferred Outflows of Resources</b>	
	Deferred charge on refunding	814,849
	Deferred outflows - pension	8,758,326
	Deferred outflows - OPEB	7,117,186
<b>1700</b>	<b>Total Deferred Outflows of Resources</b>	<b>16,690,361</b>
	<b>Liabilities</b>	
2110	Accounts payable	1,286,783
2140	Interest payable	877,624
2150	Payroll deductions and withholdings	76,720
2160	Accrued wages payable	3,078,964
2180	Due to other governments	679,490
2200	Accrued expenses	71,986
2300	Unearned revenue	78,562
	Noncurrent Liabilities:	
	Due within one year: Bonds, leases, and	
2501	compensated absences	8,449,327
	Due in more than one year:	
2502	Bonds, leases, and compensated absences	299,386,056
2540	Net pension liability	12,374,372
2545	Net OPEB liability	25,815,260
<b>2000</b>	<b>Total Liabilities</b>	<b>352,175,144</b>
	<b>Deferred Inflows of Resources</b>	
	Deferred inflows - Pension	14,191,206
	Deferred inflows - OPEB	21,490,037
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b>35,681,243</b>
	<b>Net Position</b>	
3200	Net investment in capital assets	24,221,480
	Restricted for:	
3820	Federal and state programs	10,331,780
3850	Debt service	5,204,753
3900	Unrestricted (deficit)	(17,352,028)
<b>3000</b>	<b>Total Net Position</b>	<b>\$ 22,405,985</b>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**
**STATEMENT OF ACTIVITIES**
**For the Year Ended August 31, 2022**
**Exhibit B-1**

Data Control Codes	Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	
	<b>Governmental Activities:</b>				
11	Instruction	\$ 48,171,577	\$ 56,571	\$ 18,012,620	\$ (30,102,386)
12	Instructional resources and media services	317,874	11,500	(2,283)	(308,657)
13	Curriculum and staff development	3,371,384	-	3,124,036	(247,348)
21	Instructional leadership	2,756,138	-	1,082,433	(1,673,705)
23	School leadership	4,348,040	-	74,331	(4,273,709)
31	Guidance, counseling, and evaluation services	2,783,966	-	577,385	(2,206,581)
32	Social work services	472,777	-	253,610	(219,167)
33	Health services	826,897	-	811,752	(15,145)
34	Student transportation	2,976,452	-	90,309	(2,886,143)
35	Food service	4,665,049	379,054	5,530,618	1,244,623
36	Extracurricular activities	2,242,737	612,577	(20,667)	(1,650,827)
41	General administration	3,274,386	-	2,033,256	(1,241,130)
51	Facilities maintenance and operations	12,831,377	100,296	943,935	(11,787,146)
52	Security and monitoring services	1,065,250	-	(11,132)	(1,076,382)
53	Data processing services	2,153,618	-	134,636	(2,018,982)
61	Community services	1,151,133	-	234,678	(916,455)
72	Interest on long-term debt	4,683,501	-	-	(4,683,501)
91	Contracted instructional services between schools	29,261,168	-	-	(29,261,168)
93	Payments related to shared services arrangements	38,524	-	-	(38,524)
99	Other intergovernmental charges	757,021	-	-	(757,021)
<b>TG</b>	<b>Total Governmental Activities</b>	<b>128,148,869</b>	<b>1,159,998</b>	<b>32,869,517</b>	<b>(94,119,354)</b>
<b>General Revenues:</b>					
Taxes:					
<b>MT</b>	Property taxes, levied for general purposes				87,926,737
<b>DT</b>	Property taxes, levied for debt service				8,087,879
<b>SF</b>	State-aid formula grants				3,449,946
<b>IE</b>	Investment earnings				401,846
<b>OT</b>	Gain on sale of capital assets				49,023
<b>MI</b>	Miscellaneous				1,007,966
<b>OT</b>	Other items (S/B ZERO)				-
<b>TR</b>	Transfers (S/B ZERO)				-
	<b>Total General Revenues</b>				<b>100,923,397</b>
<b>CN</b>	Change in net position				6,804,043
<b>NB</b>	<b>Net Position - Beginning</b>				15,992,056
<b>PA</b>	<b>Prior period adjustment</b>				(390,114)
<b>NE</b>	<b>Net Position - Ending</b>				<b>\$ 22,405,985</b>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**August 31, 2022**

**Exhibit C-1**  
**Page 1 of 2**

<b>Data Control Codes</b>		<b>General Fund</b>	<b>ESSER II</b>	<b>ESSER III</b>	<b>Debt Service Fund</b>
<b>Assets</b>					
1110	Cash and cash equivalents	\$ 25,965,030	\$ -	\$ -	\$ 5,573,200
	Receivables:				
1220	Property taxes - delinquent	7,038,145	-	-	679,744
1230	Allowance for uncollectible taxes (credit)	(1,634,058)	-	-	(161,485)
	Receivables from other governments,				
1240	net of allowance	2,064,258	4,645,753	3,361,907	-
1260	Due from other funds	9,762,158	-	-	-
1267	Due from others	40,000	-	-	-
1290	Other receivables	35,075	-	-	-
1310	Inventories, at cost	59,965	-	-	-
1410	Prepaid items	1,080,754	-	-	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 44,411,327</b>	<b>\$ 4,645,753</b>	<b>\$ 3,361,907</b>	<b>\$ 6,091,459</b>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>					
<b>Liabilities:</b>					
2110	Accounts payable	\$ 609,815	\$ -	\$ -	\$ -
	Payroll deduction and withholdings				
2150	payable	76,720	-	-	-
2160	Accrued wages payable	2,733,620	81,821	12,585	-
2170	Due to other funds	-	4,563,932	3,349,322	-
2180	Due to other governments	679,490	-	-	-
2200	Accrued expenses	71,986	-	-	-
2300	Unearned revenues	21,442	-	-	9,082
<b>2000</b>	<b>Total Liabilities</b>	<b>4,193,073</b>	<b>4,645,753</b>	<b>3,361,907</b>	<b>9,082</b>
<b>Deferred Inflows of Resources</b>					
	Unavailable revenue - property taxes	5,404,087	-	-	518,259
	Unavailable revenue - grants	2,467,545	-	-	-
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b>7,871,632</b>	<b>-</b>	<b>-</b>	<b>518,259</b>
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
3410	Inventories	59,965	-	-	-
3430	Prepaid items	1,080,754	-	-	-
<b>Restricted:</b>					
3450	Grant restrictions	-	-	-	-
3470	Capital acquisitions	-	-	-	-
3480	Debt service	-	-	-	5,564,118
<b>Committed:</b>					
3545	Other purposes	11,000,000	-	-	-
3600	Unassigned	20,205,903	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<b>32,346,622</b>	<b>-</b>	<b>-</b>	<b>5,564,118</b>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 44,411,327</b>	<b>\$ 4,645,753</b>	<b>\$ 3,361,907</b>	<b>\$ 6,091,459</b>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**August 31, 2022**

**Exhibit C-1**  
**Page 2 of 2**

<b>Data Control Codes</b>		<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
1110	Cash and cash equivalents	\$ 250,124,682	\$ 10,713,368	\$ 292,376,280
	Receivables:			
1220	Property taxes - delinquent	-	-	7,717,889
1230	Allowance for uncollectible taxes (credit)	-	-	(1,795,543)
	Receivables from other governments,			
1240	net of allowance	-	2,142,027	12,213,945
1260	Due from other funds	-	615	9,762,773
1267	Due from others	-	-	40,000
1290	Other receivables	-	195,813	230,888
1310	Inventories, at cost	-	125,408	185,373
1410	Prepaid items	-	-	1,080,754
<b>1000</b>	<b>Total Assets</b>	<b>\$ 250,124,682</b>	<b>\$ 13,177,231</b>	<b>\$ 321,812,359</b>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>				
<b>Liabilities:</b>				
2110	Accounts payable	\$ 314,685	\$ 333,911	\$ 1,258,411
	Payroll deduction and withholdings			
2150	payable	-	-	76,720
2160	Accrued wages payable	-	250,938	3,078,964
2170	Due to other funds	-	1,849,519	9,762,773
2180	Due to other governments	-	-	679,490
2200	Accrued expenses	-	-	71,986
2300	Unearned revenues	-	48,038	78,562
<b>2000</b>	<b>Total Liabilities</b>	<b>314,685</b>	<b>2,482,406</b>	<b>15,006,906</b>
<b>Deferred Inflows of Resources</b>				
	Unavailable revenue - property taxes	-	-	5,922,346
	Unavailable revenue - grants	-	-	2,467,545
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>8,389,891</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
3410	Inventories	-	-	59,965
3430	Prepaid items	-	-	1,080,754
<b>Restricted:</b>				
3450	Grant restrictions	-	10,331,780	10,331,780
3470	Capital acquisitions	249,809,997	-	249,809,997
3480	Debt service	-	-	5,564,118
<b>Committed:</b>				
3545	Other purposes	-	363,045	11,363,045
3600	Unassigned	-	-	20,205,903
<b>3000</b>	<b>Total Fund Balances</b>	<b>249,809,997</b>	<b>10,694,825</b>	<b>298,415,562</b>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 250,124,682</b>	<b>\$ 13,177,231</b>	<b>\$ 321,812,359</b>



**GALVESTON INDEPENDENT SCHOOL DISTRICT***Exhibit C-2***RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION****August 31, 2022**

<b>Data Control Codes</b>		
	<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 298,415,562</b>
<b>1</b>	Capital assets of \$213,202,650, net of accumulated depreciation of \$131,793,394, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	81,409,256
	Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
<b>2</b>	Deferred outflows - pension related	8,758,326
<b>3</b>	Deferred outflows - OPEB related	7,117,186
<b>4</b>	Deferred inflows - pension related	(14,191,206)
<b>5</b>	Deferred inflows - OPEB related	(21,490,037)
<b>6</b>	Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.	8,389,891
<b>7</b>	Internal service funds are used by management to charge the cost of fleet management and risk management to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.	84,797
	Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
<b>8</b>	General obligation bonds payable	(285,500,000)
<b>9</b>	Leases payable	(132,078)
<b>10</b>	Compensated absences	(22,761)
<b>11</b>	Accrued interest on long-term debt	(877,624)
<b>12</b>	Net pension liability	(12,374,372)
<b>13</b>	Net OPEB liability	(25,815,260)
	Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
<b>14</b>	Deferred amount on refunding	814,849
<b>15</b>	Premium on general obligation bonds	(22,180,544)
<b>19</b>	<b>Total Net Position - Governmental Activities</b>	<b>\$ 22,405,985</b>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**
**For the Year Ended August 31, 2022**
**Exhibit C-3**
**Page 1 of 2**

<b>Data Control Codes</b>		<b>General Fund</b>	<b>ESSER II</b>	<b>ESSER III</b>	<b>Debt Service Fund</b>
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ 88,540,284	\$ -	\$ -	\$ 8,136,392
5800	State program revenues	6,915,743	-	-	44,303
5900	Federal program revenues	3,002,859	4,257,134	3,989,537	-
<b>5020</b>	<b>Total Revenues</b>	<b>98,458,886</b>	<b>4,257,134</b>	<b>3,989,537</b>	<b>8,180,695</b>
<b>Expenditures</b>					
<b>Current:</b>					
0011	Instruction	32,928,997	4,239,286	3,552,025	-
0012	Instruction resources and media services	307,338	-	-	-
0013	Curriculum and instructional staff development	586,818	-	53,232	-
0021	Instructional leadership	1,914,359	-	18,641	-
0023	School leadership	4,425,940	15,931	119,159	-
0031	Guidance, counseling and evaluation services	2,375,434	-	88,964	-
0032	Social work services	288,580	-	120,000	-
0033	Health services	847,443	-	-	-
0034	Student transportation	2,866,251	-	-	-
0035	Food service	29,741	-	-	-
0036	Extracurricular activities	1,925,316	-	-	-
0041	General administration	2,846,241	-	-	-
0051	Plant maintenance and operations	8,966,139	-	1,795	-
0052	Security and monitoring services	1,078,411	-	-	-
0053	Data processing services	1,985,062	-	419	-
0061	Community services	942,397	1,917	35,302	-
<b>Debt service:</b>					
0071	Principal on long-term debt	114,752	-	-	5,440,000
0072	Interest on long-term debt	12,241	-	-	2,242,443
0073	Bond issuance costs and fees	-	-	-	-
<b>Capital outlay:</b>					
0081	Facilities acquisition and construction	1,718,831	-	-	-
<b>Intergovernmental:</b>					
0091	Contracted instructional services	29,261,168	-	-	-
0093	Payments related to shared services arrangement	38,524	-	-	-
0099	Other intergovernmental charges	757,021	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<b>96,217,004</b>	<b>4,257,134</b>	<b>3,989,537</b>	<b>7,682,443</b>
1100	Excess (deficiency) of revenues over (under) expenditures	2,241,882	-	-	498,252
<b>Other Financing Sources (Uses)</b>					
7911	Capital-related debt issued	-	-	-	-
7912	Sale of real or personal property	50,764	-	-	-
7915	Transfers in	450,851	-	-	-
7916	Premium or discount on issuance of bonds	-	-	-	-
8911	Transfers out	(315,000)	-	-	-
<b>7080</b>	<b>Total Other Financing Sources (Uses)</b>	<b>186,615</b>	<b>-</b>	<b>-</b>	<b>-</b>
1200	Net change in fund balances	2,428,497	-	-	498,252
<b>0100</b>	<b>Fund Balance - September 1 (Beginning)</b>	<b>30,308,239</b>	<b>-</b>	<b>-</b>	<b>5,065,866</b>
	Prior period adjustment	(390,114)	-	-	-
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<b>\$ 32,346,622</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,564,118</b>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2022**
**Exhibit C-3**
**Page 2 of 2**

<b>Data Control Codes</b>		<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ 33,315	\$ 8,229,957	\$ 104,939,948
5800	State program revenues	-	128,115	7,088,161
5900	Federal program revenues	-	15,677,497	26,927,027
<b>5020</b>	<b>Total Revenues</b>	<b>33,315</b>	<b>24,035,569</b>	<b>138,955,136</b>
<b>Expenditures</b>				
<b>Current:</b>				
0011	Instruction	-	10,417,157	51,137,465
0012	Instruction resources and media services	-	9,594	316,932
0013	Curriculum and instructional staff development	-	3,125,363	3,765,413
0021	Instructional leadership	-	1,025,794	2,958,794
0023	School leadership	-	60	4,561,090
0031	Guidance, counseling and evaluation services	-	538,323	3,002,721
0032	Social work services	-	79,876	488,456
0033	Health services	-	13,474	860,917
0034	Student transportation	-	90,819	2,957,070
0035	Food service	-	5,206,432	5,236,173
0036	Extracurricular activities	-	432,574	2,357,890
0041	General administration	-	75,201	2,921,442
0051	Plant maintenance and operations	-	612,905	9,580,839
0052	Security and monitoring services	-	7,387	1,085,798
0053	Data processing services	10,315	121,249	2,117,045
0061	Community services	-	187,284	1,166,900
<b>Debt service:</b>				
0071	Principal on long-term debt	-	-	5,554,752
0072	Interest on long-term debt	-	-	2,254,684
0073	Bond issuance costs and fees	1,805,125	-	1,805,125
<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	464,386	82,875	2,266,092
<b>Intergovernmental:</b>				
0091	Contracted instructional services	-	-	29,261,168
0093	Payments related to shared services arrangement	-	-	38,524
0099	Other intergovernmental charges	-	-	757,021
<b>6030</b>	<b>Total Expenditures</b>	<b>2,279,826</b>	<b>22,026,367</b>	<b>136,452,311</b>
1100	Excess (deficiency) of revenues over (under) expenditures	(2,246,511)	2,009,202	2,502,825
<b>Other Financing Sources (Uses)</b>				
7911	Capital-related debt issued	235,840,000	-	235,840,000
7912	Sale of real or personal property	-	-	50,764
7915	Transfers in	-	-	450,851
7916	Premium or discount on issuance of bonds	15,965,125	-	15,965,125
8911	Transfers out	-	(450,851)	(765,851)
<b>7080</b>	<b>Total Other Financing Sources (Uses)</b>	<b>251,805,125</b>	<b>(450,851)</b>	<b>251,540,889</b>
1200	Net change in fund balances	249,558,614	1,558,351	254,043,714
<b>0100</b>	<b>Fund Balance - September 1 (Beginning)</b>	<b>251,383</b>	<b>9,136,474</b>	<b>44,761,962</b>
	Prior period adjustment	-	-	(390,114)
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<b>\$ 249,809,997</b>	<b>\$ 10,694,825</b>	<b>\$ 298,415,562</b>

**GALVESTON INDEPENDENT SCHOOL DISTRICT***Exhibit C-4***RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND****BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES****For the Year Ended August 31, 2022**

<b>Data Control Codes</b>		
	<b>Net change in fund balances - total governmental funds</b>	<b>\$ 254,043,714</b>
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which depreciation/amortization expense exceeded capital outlay in the current period.	(4,147,935)
	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
1	Property taxes	647,861
2	The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	
	Gain on sale of assets	(1,741)
	Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
2	Issuance of bonds	(235,840,000)
3	Premium	(15,965,125)
4	Principal paid on bonds	5,440,000
	Principal paid on leases	114,752
5	The internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	36,094
	Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
6	Accrued interest on long-term debt	(683,679)
7	Amortization of bond premiums	308,336
8	Amortization of deferred amounts on refunding	(248,349)
9	Compensated absences	(1,724)
10	Changes in pension liabilities and related deferred inflows/outflows of resources	1,469,564
11	Changes in OPEB liabilities and related deferred inflows/outflows of resources	1,632,275
	<b>Change in Net Position of Governmental Activities</b>	<b>\$ 6,804,043</b>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**August 31, 2022**

*Exhibit D-1*

	<u>Governmental Activities</u>
	<u>Internal</u>
	<u>Service Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 113,169
<b>Total Assets</b>	<u>113,169</u>
<b>Liabilities</b>	
Accounts payable	\$ 28,372
<b>Total Liabilities</b>	<u>28,372</u>
<b>Net Position</b>	
Unrestricted net position	84,797
<b>Total Net Position</b>	<u>\$ 84,797</u>

**GALVESTON INDEPENDENT SCHOOL DISTRICT***Exhibit D-2***STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****PROPRIETARY FUNDS***For the Year Ended August 31, 2022*

	<u>Governmental Activities</u>
	<u>Internal</u>
	<u>Service Fund</u>
<b>Operating Revenues</b>	
Local and intermediate sources	\$ 111,316
<b>Total Operating Revenues</b>	<u>111,316</u>
<b>Operating Expenses</b>	
Professional and contracted services	<u>390,222</u>
<b>Total Operating Expenses</b>	<u>390,222</u>
<b>Operating Income</b>	<u>(278,906)</u>
<b>Income (loss) before transfers</b>	(278,906)
Transfers in	<u>315,000</u>
<b>Change in Net Position</b>	36,094
<b>Net Position - September 1 (Beginning)</b>	48,703
<b>Net Position - August 31 (Ending)</b>	<u>\$ 84,797</u>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended August 31, 2022**

*Exhibit D-3*

	<u>Governmental Activities</u>
	<u>Internal</u>
	<u>Service Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Cash received from user charges	\$ 111,316
Cash payments to suppliers	(395,438)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(284,122)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Operating transfers from other funds	315,000
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<u>315,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	30,878
<b>Cash and Cash Equivalents at Beginning of Year</b>	82,291
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 113,169</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>	
<b>    Provided by (Used for) Operating Activities:</b>	
Operating Income (Loss)	\$ (278,906)
Change in assets and liabilities:	
Increase (decrease) in accounts payable	(5,216)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ (284,122)</u>

**GALVESTON INDEPENDENT SCHOOL DISTRICT****STATEMENT OF FIDUCIARY NET POSITION****August 31, 2022****Exhibit E-1**

	<b>Private Purpose Trust Fund</b>	<b>Custodial Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 162,905
Restricted assets:		
Cash and cash equivalents	136,162	-
<b>Total Assets</b>	<u>\$ 136,162</u>	<u>\$ 162,905</u>
 <b>Liabilities</b>		
Accounts payable	\$ -	\$ 502
<b>Total Liabilities</b>	<u>40,000</u>	<u>502</u>
 <b>Net Position</b>		
Restricted for other purposes	96,162	162,403
<b>Total Net Position</b>	<u>\$ 96,162</u>	<u>\$ 162,403</u>



**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended August 31, 2022**

*Exhibit E-2*

	<b>Private Purpose Trust Fund</b>	<b>Custodial Fund</b>
<b>Additions</b>		
Earning from endowments	\$ 1,000	\$ -
Earnings from temporary deposit	-	-
Contributions, gifts and donations	-	141,308
<b>Total Additions</b>	<u>1,000</u>	<u>141,308</u>
<b>Deductions</b>		
Professional and contracted services	<u>41,000</u>	<u>119,303</u>
<b>Total Deductions</b>	<u>41,000</u>	<u>119,303</u>
Change in fiduciary net position	(40,000)	22,005
<b>Net Position - September 1 (Beginning)</b>	136,162	140,398
Prior period adjustment	-	-
<b>Net Position - August 31 (Ending)</b>	<u>\$ 96,162</u>	<u>\$ 162,403</u>



**Note 1 - Summary of Significant Accounting Policies**

**Reporting Entity**

The Galveston Independent School District (District) is governed by a seven-member Board of Trustees (Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Because members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District. There are no component units, entities for which the District is considered to be financially accountable, included within the reporting entity.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. The effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The proprietary and custodial funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *ESSER II fund* accounts for federal stimulus ESSER II funds granted to districts through the CRRSA Act to support the districts' ability to operate, instruct its students, address learning loss, prepare schools for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the coronavirus pandemic.
- The *ESSER III fund* federal stimulus ESSER III funds granted to districts through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless children and youth with services in light of challenges of the coronavirus, and enable homeless children and youth to attend school and participate fully in school activities.
- The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Additionally, the District reports the following fund types:

**Proprietary Funds**

- The *internal service fund* accounts for employee benefits provided to other funds and/or employees of the District on a cost reimbursement basis.

**Fiduciary Funds**

- The *private purpose trust fund* is used to report all trust arrangements by the District. This fund type is used to account for the District's scholarship funds.
- The *custodial fund* is used to account for assets held by the District as a fiduciary for student organizations.

Nonmajor governmental funds of the District include federal, state and local grant funds accounted for as *special revenue funds*.

Amounts reported as *program revenues* include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment income.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and investment pools. The funds of the District must be deposited and invested under the terms of a depository contract, the contents of which are set out in the Depository Contract Law. The depository bank may either place approved pledged securities for safekeeping and trust with the District's agent bank or file a corporate surety bond in an amount sufficient to protect district funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance. The depository cash balances were covered by FDIC insurance and by collateral held by the District's agent in the District's name. The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments for the District are reported at fair value and the District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables include unpaid property taxes at year-end along with penalties and interest assessed on these unpaid taxes and are shown net of an allowance for uncollectibles. The property tax receivable allowance is based on historical collections. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are determined by the Galveston Central Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

**Inventories and Prepaid Items**

Inventories consisting of supplies and materials are valued at weighted average cost and they include maintenance, transportation, and office and instructional supplies. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. A portion of fund balance is classified as non-spendable to reflect minimum inventory quantities considered necessary for the District's continuing operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Capital Assets**

Capital assets, which include land, construction in progress, buildings and improvements, furniture and equipment and vehicles, are reported in the governmental column in the government-wide financial statements. The District's infrastructure includes parking lots and roads associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost that equals or exceeds \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed, except for right to use leased assets. Donated capital assets are recorded at acquisition value at the date of donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

<b>Assets</b>	<b>In Years</b>
Buildings and improvements	10 - 50
Furniture and equipment	5 - 20
Vehicles	5 - 20
Right to use assets - equipment	5 - 20

**Compensated Absences**

Compensated absences are absences for which employees will be paid, such as sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in long-term liabilities on the Statement of Net Position.

**Long-term Obligations**

The District's long-term obligations consist of bonded indebtedness, leases, and compensated absences. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Long-term Obligations (continued)**

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for notes payable principal and interest expenditures are accounted for in the general fund. The current requirements for compensated absences are accounted for in the general fund.

**Leases**

The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a measurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, deferred amounts related to pension, and deferred amounts related to OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Deferred Outflows/Inflows of Resources (continued)**

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the District reports deferred amounts related to pension and deferred amounts related to OPEB.

**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.

**Net Position and Fund Balances**

The District reports fund balances in accordance with GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable fund balance** – amounts that are not in spendable form or are required to be maintained intact. As such, inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1). However, if the use of the proceeds from the sale of the inventory is restricted, committed, or assigned, then the applicable amounts are included in the appropriate fund balance classification, rather than nonspendable fund balance.

**Restricted fund balance** – Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed fund balance** – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed 100 percent of the Campus Activity Funds' fund balance, \$5,000,000 in the General Fund for disaster recovery and \$6,000,000 in the General Fund for decreases in state formula funding.



**Note 1 - Summary of Significant Accounting Policies (continued)**

**Net Position and Fund Balances (continued)**

**Assigned fund balance** – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board has delegated authority to the Superintendent to establish fund balance assignments.

**Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**Data Control Codes**

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

**Use of Estimates**

The presentation of financial statements, in conformity with generally accepted accounting principles, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Implementation of New Accounting Standards**

GASB No. 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The impact of this statement is reflected in the financial statements.

**Note 2 - Deposits and Investments**

**Cash Deposits**

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository bank's agent bank. The pledged securities are approved by the Texas Education Agency and shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At August 31, 2022, the District's cash in bank totaled \$17,106,803. The carrying value was \$14,924,593 (governmental activities) and \$299,067 (fiduciary funds). Pledged collateral and FDIC insurance for these deposits totaled \$18,859,567. As such, the District's cash and certificates of deposit were properly collateralized at August 31, 2022.

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, collateralized mortgage obligations, no-load money market mutual funds, certain municipal securities, repurchase agreements, or investment pools.

**Investments**

For fiscal year 2022, the District invested in MBIA Texas CLASS Investment Pool and TexasTERM Local Government Investment Pool. Texas CLASS and TexasTERM operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940.

MBIA Texas CLASS Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered and managed by MBIA Municipal Investors Service Corporation. Wells Fargo Bank N.A. is the custodial bank. The primary objectives of MBIA Texas CLASS Investment Pool, is to maintain safety of principal while providing participating government entities (Participants) with the highest possible rate of return for invested funds.

TexasTERM is directed by an Advisory Board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors. The pool offers a fully liquid money market and invests only in those securities authorized by the statutes governing investment of funds by local governments in the state.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis and specific identification.

**Credit Risk**

State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

The District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*. In addition, the investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The four pools do not impose any liquidity fees or redemption gates.

**Note 2 - Deposits and Investments (continued)**

**Investments (continued)**

At year-end, the District's investment balances, weighted average maturity (in days), valuation method, and Standard & Poor's (S&P) ratings were as follows:

	<b>Carrying Value</b>	<b>% of Portfolio</b>	<b>Weighted Average Maturity</b>	<b>Valuation Method</b>	<b>S&amp;P Rating</b>
<b>Governmental Activities:</b>					
Local Government Investment Pools:					
Texas CLASS	265,785,442	96%	68	Amortized Cost	AAAm
TexasTERM	11,779,414	4%	26	Amortized Cost	AAAm
Total Local Government Investment Pools	<u>277,564,856</u>	<u>100%</u>	66		
<b>Total Governmental Activities</b>	<u>\$ 277,564,856</u>	<u>100%</u>	66		

**Note 3 - Receivables**

Receivables as of year-end for the District's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>ESSER II</b>	<b>ESSER III</b>	<b>Debt Service Fund</b>	<b>Nonmajor Governmental Funds</b>
Property taxes	\$ 7,038,145	\$ -	\$ -	\$ 679,744	\$ -
Due from other governments	3,298,030	4,645,753	3,361,907	-	2,142,027
Due from others	40,000	-	-	-	-
Other	35,075	-	-	-	195,813
Gross receivables	10,411,250	4,645,753	3,361,907	679,744	2,337,840
Allowance for doubtful accounts, property tax related	(1,634,058)	-	-	(161,485)	-
Allowance for doubtful accounts, grant related	(1,233,772)	-	-	-	-
<b>Net Total Receivables</b>	<u>\$ 7,543,420</u>	<u>\$ 4,645,753</u>	<u>\$ 3,361,907</u>	<u>\$ 518,259</u>	<u>\$ 2,337,840</u>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the District reported unearned revenues for advanced collection of state aid, grants, and other fees in the following amounts:

	<b>Unearned Revenue</b>
General Fund	\$ 21,442
Debt Service Fund	9,082
Nonmajor Governmental Funds	48,038
<b>Total</b>	<u>\$ 78,562</u>

**Note 4 - Capital Assets**

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

	Balance, as Restated September 1, 2021	Additions	Retirements	Transfers	Balance August 31, 2022
<b>Capital Assets, not being Depreciated/Amortized</b>					
Land	\$ 4,418,388	\$ -	\$ -	\$ -	\$ 4,418,388
Construction in progress	-	2,227,597	-	(1,330,523)	897,074
<b>Total Capital Assets, not being Depreciated/Amortized</b>	<b>4,418,388</b>	<b>2,227,597</b>	<b>-</b>	<b>(1,330,523)</b>	<b>5,315,462</b>
<b>Capital Assets, being Depreciated/Amortized</b>					
Buildings and improvements	187,341,126	156,022	-	513,522	188,010,670
Furniture and equipment	11,564,350	575,609	(120,893)	817,001	12,836,067
Vehicles	7,474,211	17,700	(698,290)	-	6,793,621
Right to use assets	246,830	-	-	-	246,830
<b>Total Capital Assets, being Depreciated/Amortized</b>	<b>206,626,517</b>	<b>749,331</b>	<b>(819,183)</b>	<b>1,330,523</b>	<b>207,887,188</b>
<b>Less Accumulated Depreciation/Amortization for:</b>					
Buildings and improvements	(111,389,506)	(6,075,821)	-	-	(117,465,327)
Furniture and Equipment	(9,965,762)	(372,812)	128,261	-	(10,210,313)
Vehicles	(4,130,705)	(557,754)	689,181	-	(3,999,278)
Right to use assets	-	(118,476)	-	-	(118,476)
<b>Total Accumulated Depreciation/Amortization</b>	<b>(125,485,973)</b>	<b>(7,124,863)</b>	<b>817,442</b>	<b>-</b>	<b>(131,793,394)</b>
<b>Governmental Capital Assets</b>	<b>\$ 85,558,932</b>	<b>\$ (4,147,935)</b>	<b>\$ (1,741)</b>	<b>\$ -</b>	<b>\$ 81,409,256</b>

Depreciation and amortization expense was charged to functions/programs of the District as follows:

Function	Depreciation/ Amortization Expense
Instruction	\$ 1,938,408
Instructional resources and media services	15,810
Curriculum and staff development	169,232
Instructional leadership	109,502
School leadership	179,076
Guidance, counseling, and evaluation services	102,127
Social work services	15,259
Health services	34,341
Student transportation	137,004
Food service	200,511
Extracurricular activities	73,045
General administration	225,444
Facilities maintenance and operations	3,727,158
Security and monitoring services	51,056
Data processing services	105,954
Community services	40,936
	<b>\$ 7,124,863</b>

**Note 4 - Capital Assets (continued)**

The following is a schedule of the District's open construction commitments at August 31, 2022:

<b>Project</b>	<b>Contract Amount</b>	<b>Construction in Progress</b>	<b>Remaining Commitment</b>
District Wide Roofing Repairs	\$ 274,408	\$ 41,500	\$ 232,908
New Ball High School	549,200	229,024	320,176
New Courville Stadium	567,229	50,000	517,229
Central Middle School Renovations	948,830	576,550	372,280
	<u>\$ 2,339,667</u>	<u>\$ 897,074</u>	<u>\$ 1,442,593</u>

**Note 5 - Interfund Receivables, Payables, and Transfers**

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

The composition of interfund balances as of August 31, 2022, is as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Net</b>
<b>Governmental Funds</b>			
General Fund	\$ 9,762,158	\$ -	\$ 9,762,158
ESSER II	-	(4,563,932)	(4,563,932)
ESSER III	-	(3,349,322)	(3,349,322)
Nonmajor Governmental Funds	615	(1,849,519)	(1,848,904)
<b>Total</b>	<u>\$ 9,762,773</u>	<u>\$ (9,762,773)</u>	<u>\$ -</u>

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." The following is a summary of the District's transfers for the fiscal year ended August 31, 2022:

	<b>Transfers in:</b>			<b>Total</b>
	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Internal Service Funds</b>	
<b>Transfers out:</b>				
General fund	\$ -	\$ -	\$ 315,000	\$ 315,000
Nonmajor governmental funds	450,851	-	-	450,851
	<u>\$ 450,851</u>	<u>\$ -</u>	<u>\$ 315,000</u>	<u>\$ 765,851</u>

During the fiscal year, a transfer was made from the general fund to reimburse a nonmajor governmental fund for previous year expenditures that were not reimbursed by a grant. In addition, the general fund transferred funds to the internal service fund to cover the operating deficit.

**Note 6 - Compensated Absences and Other Retirement/Sick Leave Benefits**

A local retirement program that was in effect for five years prior to the 2005-2006 fiscal year was rescinded during the 2006 fiscal year by the Board of Trustees. The remaining liability under this plan will be retired in accordance with the terms of the original resolution.

The following summarizes the District's liability and the changes for the year:

Balance, September 1, 2021	\$ 21,037
Additions (Deductions)	1,724
Balance, August 31, 2022	<u>\$ 22,761</u>

**Note 7 - Long-Term Liabilities**

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas through the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District. There are a number of limitations and restrictions contained in the general obligation debt indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of August 31, 2022.

**General Obligation Bonds**

General obligation bonds are direct obligations and pledge the full faith and credit of the District. Bonds payable for the year ended August 31, 2022 were as follows:

<u>Issue</u>	<u>Original Issuance Amount</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Debt Outstanding</u>
Unlimited Tax Refunding Bonds:				
Series 2013	\$ 36,955,000	2.00% to 5.00%	2/1/2023	\$ 3,670,000
Series 2018	27,585,000	3.00% to 5.00%	2/1/2030	20,555,000
Series 2021	29,380,000	1.43% to 5.00%	2/1/2029	25,435,000
Unlimited Tax Refunding Bonds:				
Series 2022	235,840,000	4.00% to 5.00%	2/1/2047	235,840,000
				<u>\$ 285,500,000</u>

Debt service requirements to maturity are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 8,305,000	\$ 11,403,593	\$ 19,708,593
2024	8,190,000	11,836,910	20,026,910
2025	8,945,000	11,422,535	20,367,535
2026	7,605,000	11,022,785	18,627,785
2027	7,950,000	10,633,910	18,583,910
2028 - 2032	44,470,000	48,018,560	92,488,560
2033 - 2037	52,970,000	36,299,500	89,269,500
2038 - 2042	66,170,000	23,010,200	89,180,200
2043 - 2047	80,895,000	8,348,300	89,243,300
	<u>\$ 285,500,000</u>	<u>\$ 171,996,293</u>	<u>\$ 457,496,293</u>

**Note 7 - Long-Term Liabilities (continued)**

**Changes in Long-Term Liabilities**

The following is a summary of changes in the District's total governmental long-term liabilities for the year ended August 31, 2022:

	<b>September 1, 2021 as Restated</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance August 31, 2022</b>	<b>Due Within One Year</b>
General obligation bonds	\$ 55,100,000	\$ 235,840,000	\$ (5,440,000)	\$ 285,500,000	\$ 8,305,000
Premiums/discounts	6,523,755	15,965,125	(308,336)	22,180,544	-
Accrued compensated absences	21,037	1,724	-	22,761	22,761
Lease payable	246,830	-	(114,752)	132,078	121,566
	<u>\$ 61,891,622</u>	<u>\$ 251,806,849</u>	<u>\$ (5,863,088)</u>	<u>\$ 307,835,383</u>	<u>\$ 8,449,327</u>

**Note 7 - Long-Term Liabilities (continued)**

**Changes in Long-Term Liabilities (continued)**

During the current fiscal year, the District issued Unlimited Tax School Building Bonds, Series 2022 in the amount of \$235,840,000 with a premium of \$15,965,125. The bonds will be used for the construction, acquisition, renovation, and equipment of school buildings and vehicles.

**Previous Years' Defeasance of Debt**

During fiscal year 2021, the District refunded Series 2013 Unlimited Tax Refunding Bonds and \$26,045,000 is considered defeased until February 2023. A liability for those bonds has been removed from the statement of net position.

**Leases**

The District has a lease in place for the right to use copier equipment. The future principal and interest payments are as follows:

<b>Year Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2023	\$ 121,566	\$ 5,430	\$ 126,996
2024	10,512	62	10,574
	<u>\$ 132,078</u>	<u>\$ 5,492</u>	<u>\$ 137,570</u>

**Note 8 - Revenues from Local, Intermediate, and Out-of-State Sources**

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

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Property Taxes	\$ 87,322,972	\$ 8,043,783	\$ -	\$ -	\$ 95,366,755
Gifts and bequests	-	-	-	6,632,847	6,632,847
Student activities	-	-	-	531,790	531,790
Food Sales	-	-	-	379,054	379,054
Rent	100,296	-	-	-	100,296
Investment Income	304,773	41,824	33,315	-	379,912
Athletics	92,528	-	-	-	92,528
Tuition and fees	56,330	-	-	-	56,330
Insurance recovery	214,739	-	-	-	214,739
Miscellaneous	448,646	50,785	-	686,266	1,185,697
	<u>\$ 88,540,284</u>	<u>\$ 8,136,392</u>	<u>\$ 33,315</u>	<u>\$ 8,229,957</u>	<u>\$ 104,939,948</u>



**Note 9 - Pension Plan and Other Post-Employment Benefits**

**Plan Description**

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

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

**Pension Plan Fiduciary Net Position**

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf>, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

**Benefits Provided**

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

**Note 9 - Pension Plan and Other Post-Employment Benefits (continued)**

**Contributions**

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

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

	<b>Contribution Rates</b>	
	<b>Measurement Year</b>	
	<b>2022</b>	<b>2021</b>
Member	8.00%	7.70%
Non-employer contributing agency	7.75%	7.50%
Employers	7.75%	7.50%

  

	<b>Fiscal Year</b>
	<b>2022</b>
Employer (District)	\$ 2,600,557
Employee (Member)	4,802,514
Non-employer Contributing Entity	
On-behalf Contributions (State)	2,671,400

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 part 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.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.6% of the member's salary beginning in fiscal year 2021, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**Note 9 - Pension Plan and Other Post-Employment Benefits (continued)**

**Actuarial Assumptions**

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

<b>Component</b>	<b>Result</b>
Valuation Date	August 31, 2020, rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	1.95% - 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 tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

**Discount Rate**

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. 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% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.25%. 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.

**Note 9 - Pension Plan and Other Post-Employment Benefits (continued)**

**Discount Rate (continued)**

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2021 are summarized below:

<b>Asset Class<sup>1</sup></b>	<b>Target Allocation<sup>2</sup></b>	<b>Long-Term Expected Geometric Real Rate of Return<sup>3</sup></b>	<b>Expected Contribution to Long-Term Portfolio Returns</b>
<b>Global Equity</b>			
USA	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
<b>Stable Value</b>			
Government Bonds	16.00%	-0.20%	0.01%
Absolute Return	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
<b>Real Return</b>			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources & Infrastructure	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
<b>Risk Parity</b>	8.00%	2.80%	0.28%
<b>Leverage</b>			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag <sup>4</sup>			-0.95%
<b>Expected Return</b>	<b>100.00%</b>		<b>6.90%</b>

<sup>1</sup> Absolute Return includes Credit Sensitive Investments.

<sup>2</sup> Target allocations are based on the fiscal year 2021 policy model.

<sup>3</sup> Capital Market Assumptions come from Aon Hewitt as of August 31, 2021.

<sup>4</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	<b>Discount Rate</b>		
	<b>1% Decrease (6.25%)</b>	<b>Current Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
District's proportional share of the net pension liability	\$ 27,039,968	\$ 12,374,372	\$ 476,123

**Note 9 - Pension Plan and Other Post-Employment Benefits (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**

At August 31, 2022, the District reported a liability of \$12,374,372 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 12,374,372
State's proportionate share that is associated with the District	15,940,424
Total	<u>\$ 28,314,796</u>

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.0486% which was an increase of 0.0034% from its proportion measured as of August 31, 2021.

**Changes Since the Prior Actuarial Valuation**

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

For the year ended August 31, 2022, the District recognized pension expense of \$1,221,906. The District also recognized on-behalf pension expense and revenue of \$63,728 for support provided by the State.

**Note 9 - Pension Plan and Other Post-Employment Benefits (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

At August 31, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 20,708	\$ (871,166)
Changes of assumption	4,374,099	(1,906,732)
Net difference between projected and actual earnings on pension plan investments	-	(10,375,751)
Changes in proportion and differences between District contributions and proportionate share of contributions	1,762,963	(1,037,557)
District contributions subsequent to the measurement date	2,600,556	-
Total	<u>\$ 8,758,326</u>	<u>\$ (14,191,206)</u>

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$2,600,556 will be recognized as a reduction of the net pension liability in the year ended August 31, 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:

<b>Fiscal Year</b>	<b>Pension Expense Amount</b>
2023	\$ (1,524,968)
2024	(1,498,115)
2025	(2,230,066)
2026	(2,961,437)
2026	127,007
Thereafter	54,143
	<u>\$ (8,033,436)</u>

**Note 10 - Defined Other Post-Employment Benefit Plans**

**Plan Description**

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

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

**OPEB Plan Fiduciary Net Position**

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf>, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

**Benefits Provided**

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

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

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

<b>TRS-Care Monthly Premium Rates</b>		
	<b>Medicare</b>	<b>Non-Medicare</b>
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.

**Note 10 - Defined Other Post-Employment Benefit Plans (continued)**

**Contributions (continued)**

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<b>Contribution Rates</b>	
	<b>Measurement Year</b>	
	<b>2022</b>	<b>2021</b>
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

  

	<b>Fiscal Year</b>	
	<b>2022</b>	
Employer (District)	\$	590,201
Employee (Member)		367,770
Non-employer Contributing Entity		
On-behalf Contributions (State)		825,323

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When hiring a TRS retiree, employers are required to pay 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 \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

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



**Note 10 - Defined Other Post-Employment Benefit Plans (continued)**

The actuarial valuation was determined using the following actuarial assumptions:

<b>Component</b>	<b>Result</b>
Valuation Date	August 31, 2020, rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases	3.05% to 9.05% including inflation
Healthcare Trend Rates	The initial medical trend rates were 8.50 percent for Medicare retirees and 7.10 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 12 years.
Election Rates	Normal Retirement: 65 percent participation rate prior to age 65 and 40 percent participation rate after age 65. Pre-65 retirees: 25 percent are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

**Note 10 - Defined Other Post-Employment Benefit Plans (continued)**

**Actuarial Assumptions (continued)**

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, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) 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.

**Discount Rate**

A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of 0.38% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

**Discount Rate Sensitivity Analysis**

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

	Discount Rate		
	1% Decrease (0.95%)	Current Rate (1.95%)	1% Increase (2.95%)
District's proportional share of the net OPEB liability	\$ 31,139,152	\$ 25,815,260	\$ 21,625,183

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs**

At August 31, 2022, the District reported a liability of \$25,815,260 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	\$ 25,815,260
State's proportionate share that is associated with the District	34,586,695
Total	<u>\$ 60,401,955</u>

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At August 31, 2022, the District's proportion of the collective Net OPEB Liability was 0.0669% which was an increase of 0.0009% from its proportion measured 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 assumed healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	\$ 20,909,505	\$ 25,815,260	\$ 32,397,564

**Changes Since the Prior Actuarial Valuation**

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

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

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

For the year ended August 31, 2022, the District recognized negative OPEB expense of \$1,027,085. The District also recognized negative on-behalf OPEB expense and revenue of \$1,276,513 for support provided by the State.

**Note 10 - Defined Other Post-Employment Benefit Plans (continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)**

**Changes Since the Prior Actuarial Valuation (continued)**

At August 31, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,111,469	\$ (12,496,392)
Changes of assumption	2,859,343	(5,459,450)
Net difference between projected and actual earnings on OPEB plan investments	28,027	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,528,146	(3,534,195)
District contributions subsequent to the measurement date	590,201	-
Total	<u>\$ 7,117,186</u>	<u>\$ (21,490,037)</u>

The \$590,201 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2023. 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:

<b>Fiscal Year</b>	<b>OPEB Expense Amount</b>
2023	\$ (2,885,068)
2024	(2,885,700)
2025	(2,885,527)
2026	(2,206,006)
2027	(1,286,042)
Thereafter	(2,814,709)
	<u>\$ (14,963,052)</u>

**Medicare Part D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2022, 2021, and 2020, the subsidy payments received by TRS-Care on-behalf of the District were \$228,260, \$239,729, and \$211,573, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

**Note 11 - Risk Management**

***Property/Liability***

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance.

***Health Insurance***

The District provides medical insurance coverage for its employees under the TRS-Active Care insurance provided by the Teachers' Retirement System of Texas.

***Workers' Compensation***

During the year ended August 31, 2022, the District met its statutory workers' compensation obligations through Participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's workers' compensation program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher-than-expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year ended August 31, 2022, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**Note 12 - Shared Service Arrangements / Joint Ventures**

The district is the fiscal agent of one shared service arrangement (SSA) which provide services for students requiring orientation and mobility services. The member districts participating are listed below. All services are provided by the fiscal agent. The member districts reimburse the fiscal agent.

According to guidance provided in the TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in special revenue funds and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSAs are summarized below:

	<b>Orientation and Mobility Program</b>
Member Districts:	
Dickinson ISD	\$ 22,697
Friendswood ISD	32,039
Galveston ISD	38,525
Region IV	20,000
Santa Fe ISD	16,597
Texas City ISD	25,939
	<u>\$ 155,797</u>

**Note 13 - Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**Note 14 - Arbitrage**

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that it does not have an arbitrage liability as of August 31, 2022.

**Note 15 - Hurricane Ike**

The eye of Hurricane Ike made landfall on September 13, 2008 just to the east of Galveston Island and resulted in catastrophic damage to the District's entire service area. At landfall, the storm was rated as a category 2 hurricane; however, Ike's width beyond the eye of the storm was large with a storm surge disproportional to its wind speed (category). The storm resulted in extensive flooding submerging substantial portions of the Galveston area. In addition, wind damage was significant. Ike's damage along the Gulf Coast was estimated to reach \$31.5 billion, which would make it the third costliest hurricane on record. In addition, the District's service area suffered a huge economic devastation beyond the direct damage caused by the storm.

Damage to the District's facilities was extensive, amounting to approximately \$47,900,000. The District received approximately \$8,400,000 in insurance proceeds. To date, the Federal Emergency Management Agency (FEMA) has paid the District approximately \$21.6M out of \$27.3M in eligible damages. Most projects have been closed out; however, after reductions for the District's local share of approximately 10%, as of August 31, 2022, the District's receivable was \$3,291,951. The District also reported an allowance of \$1,233,772 which resulted in a net receivable of \$2,058,179.

**Note 16 - Prior Period Adjustments**

The District recorded a prior period adjustment to adjust the beginning payroll liabilities as of September 1, 2021. The following was the impact of the prior period adjustment:

	<u><b>Fund Balance</b></u>
	<u><b>General</b></u>
	<u><b>Fund</b></u>
<b>Beginning Balance</b>	\$ 30,308,239
Restatement due to payroll liabilities adjustment	(390,114)
<b>Beginning Balance - As Restated</b>	<u><u>\$ 29,918,125</u></u>



## REQUIRED SUPPLEMENTARY INFORMATION





**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended August 31, 2022**

**Exhibit G-1**

		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
Data Control Codes		Original	Final	Actual	
Revenues					
5700	Local, intermediate, and out-of-state	\$ 91,344,073	\$ 91,344,073	\$ 88,540,284	\$ (2,803,789)
5800	State program revenues	4,821,350	4,821,350	6,915,743	2,094,393
5900	Federal program revenues	2,974,968	2,974,968	3,002,859	27,891
5020	Total Revenues	99,140,391	99,140,391	98,458,886	(681,505)
Expenditures					
Current:					
0011	Instruction	39,814,714	33,754,714	32,928,997	825,717
0012	Instruction resources and media services	348,032	423,032	307,338	115,694
0013	Curriculum and instructional staff development	838,657	888,657	586,818	301,839
0021	Instructional leadership	2,078,188	2,058,188	1,914,359	143,829
0023	School leadership	4,531,234	4,781,234	4,425,940	355,294
0031	Guidance, counseling and evaluation services	2,165,126	2,615,126	2,375,434	239,692
0032	Social work services	289,679	339,679	288,580	51,099
0033	Health services	867,543	1,017,543	847,443	170,100
0034	Student transportation	3,342,438	3,192,438	2,866,251	326,187
0035	Food service	7,493	32,493	29,741	2,752
0036	Extracurricular activities	1,924,253	2,074,253	1,925,316	148,937
0041	General administration	2,940,658	2,990,658	2,846,241	144,417
0051	Plant maintenance and operations	9,644,028	9,289,028	8,966,139	322,889
0052	Security and monitoring services	1,247,119	1,297,119	1,078,411	218,708
0053	Data processing services	2,187,440	2,212,440	1,985,062	227,378
0061	Community services	1,077,634	1,102,634	942,397	160,237
Debt service:					
0071	Principal on long-term debt	180,000	360,000	114,752	245,248
0072	Interest on long-term debt	20,000	40,000	12,241	27,759
Capital outlay:					
0081	Facilities acquisition and construction	2,780,174	2,830,174	1,718,831	1,111,343
Intergovernmental:					
0091	Contracted instructional services	30,047,660	30,147,660	29,261,168	886,492
0093	Payments related to shared services arrangement	27,500	77,500	38,524	38,976
0099	Other intergovernmental charges	756,900	791,900	757,021	34,879
6030	Total Expenditures	107,116,470	102,316,470	96,217,004	6,099,466
1100	Excess (deficiency) of revenues over expenditures	(7,976,079)	(3,176,079)	2,241,882	5,417,961
Other Financing Sources (Uses)					
7912	Sale of real or personal property	-	-	50,764	50,764
7915	Transfers in	-	-	450,851	450,851
8911	Transfers out	-	-	(315,000)	(315,000)
7080	Total Other Financing Sources (Uses)	-	-	186,615	186,615
1200	Net change in fund balances	(7,976,079)	(3,176,079)	2,428,497	5,604,576
0100	Fund Balance - September 1 (Beginning)	29,918,125	29,918,125	29,918,125	29,918,125
3000	Fund Balance - August 31 (Ending)	\$ 21,942,046	\$ 26,742,046	\$ 32,346,622	\$ 5,604,576

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**A. Budgets and Budgetary Accounting**

The District adopts annual appropriations type budgets for the General Fund, Child Nutrition Program Fund, and the Debt Service Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level and amended as necessary when the Notices of Grant Awards are received. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund, Food Service Fund and Debt Service Fund during the fiscal year ended August 31, 2022.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principal and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget was prepared for adoption for budgeted governmental fund types by August 31, 2021. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year's budget.

**GALVESTON INDEPENDENT SCHOOL DISTRICT**
**Exhibit G-2**
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
LAST EIGHT MEASUREMENT YEARS**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
District's proportion of the net pension liability	0.0486%	0.0452%	0.0473%	0.0452%
District's proportionate share of the net pension liability	\$ 12,374,372	\$ 24,196,225	\$ 24,564,196	\$ 24,855,801
State's proportionate share of the net pension liability associated with the District	15,940,424	33,401,348	33,650,759	35,084,192
<b>Total</b>	<b>\$ 28,314,796</b>	<b>\$ 57,597,573</b>	<b>\$ 58,214,955</b>	<b>\$ 59,939,993</b>
District's covered payroll (for Measurement Year)	\$ 51,477,625	\$ 48,848,474	\$ 44,848,474	\$ 44,365,365
District's proportionate share of the net pension liability (asset) as a percentage of covered payroll	24.04%	49.53%	54.77%	56.03%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.25%	73.34%
Plan's net pension liability as a percentage of covered payroll <sup>1</sup>	51.08%	110.36%	114.93%	126.11%
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
District's proportion of the net pension liability	0.0457%	0.0490%	0.0527%	0.0316%
District's proportionate share of the net pension liability	\$ 14,627,732	\$ 18,517,405	\$ 18,644,868	\$ 8,444,136
State's proportionate share of the net pension liability associated with the District	20,805,798	24,920,877	23,289,869	18,734,703
<b>Total</b>	<b>\$ 35,433,530</b>	<b>\$ 43,438,282</b>	<b>\$ 41,934,737</b>	<b>\$ 27,178,839</b>
District's covered payroll (for Measurement Year)	\$ 43,545,952	\$ 43,787,789	\$ 42,319,177	\$ 36,658,444
District's proportionate share of the net pension liability (asset) as a percentage of covered payroll	33.59%	42.29%	44.06%	23.03%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll <sup>1</sup>	75.93%	92.75%	91.94%	72.89%

<sup>1</sup> Per Teacher Retirement System of Texas' Annual Comprehensive Financial Report

Note: Ten years of data should be presented in this schedule but data is unavailable prior to fiscal year 2015.  
The amounts are presented for each Plan year which ends the preceding August 31 of the District's fiscal year.  
Net pension liability is calculated in accordance with GASB 68.

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST NINE FISCAL YEARS**

**Exhibit G-3**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contributions	\$ 2,600,557	\$ 1,982,690	\$ 1,653,953	\$ 1,654,008	\$ 1,519,598
Contributions in relation to the contractual required contributions	2,600,557	1,982,690	1,653,953	1,654,008	1,519,598
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 56,708,397	\$ 51,477,625	\$ 48,848,474	\$ 47,736,256	\$ 44,365,365
Contributions as a percentage of covered payroll	4.59%	3.85%	3.39%	3.46%	3.43%
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	
Contractually required contributions	\$ 1,499,351	\$ 1,556,573	\$ 1,561,821	\$ 801,464	
Contributions in relation to the contractual required contributions	1,499,351	1,556,573	1,561,821	801,464	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	\$ 43,545,952	\$ 43,787,789	\$ 42,319,177	\$ 36,658,444	
Contributions as a percentage of covered payroll	3.44%	3.55%	3.69%	2.19%	

Note: Ten years of data should be presented in this schedule but data is unavailable prior to fiscal year 2014.  
Net pension liability is calculated in accordance with GASB 68.

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION**

**Changes of Assumptions**

Measurement Year 2018: The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

Measurement Year 2020: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

Measurement Year 2021: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST FIVE MEASUREMENT YEARS**

**Exhibit G-4**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
District's proportion of the net liability for OPEB	0.0669%	0.0660%	0.0710%	0.0662%
District's proportionate share of net OPEB liability	\$ 25,815,260	\$ 25,071,169	\$ 33,582,069	\$ 33,058,726
State's proportionate share of the net OPEB liability associated with the District	34,586,695	33,689,642	44,623,059	36,601,566
<b>Total</b>	<b>\$ 60,401,955</b>	<b>\$ 58,760,811</b>	<b>\$ 78,205,128</b>	<b>\$ 69,660,292</b>
District's covered payroll	\$ 51,477,625	\$ 48,848,474	\$ 48,848,474	\$ 44,365,365
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	50.15%	51.32%	68.75%	74.51%
Plan fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%	1.57%
Plan's net OPEB liability as a percentage of covered payroll <sup>1</sup>	100.13%	101.46%	135.21%	146.64%
	<b>2017</b>			
District's proportion of the net liability for OPEB	0.0693%			
District's proportionate share of net OPEB liability	\$ 30,124,471			
State's proportionate share of the net OPEB liability associated with the District	32,550,412			
<b>Total</b>	<b>\$ 62,674,883</b>			
District's covered payroll	\$ 43,545,952			
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	69.18%			
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%			
Plan's net OPEB liability as a percentage of covered payroll <sup>1</sup>	132.55%			

<sup>1</sup> Per Teacher Retirement System of Texas' Annual Comprehensive Financial Report

Note: Ten years of data should be presented in this schedule but data is unavailable prior to fiscal year 2018. The amounts are presented for each Plan year which ends the preceding August 31 of the District's fiscal year. Net OPEB liability is calculated in accordance with GASB 75.

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST FIVE FISCAL YEARS**

*Exhibit G-5*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Contractually required contributions	\$ 590,201	\$ 507,832	\$ 503,983	\$ 504,518
Contributions in relation to the contractual required contributions	590,201	507,832	503,983	504,518
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 56,708,397	\$ 51,477,625	\$ 48,848,474	\$ 47,736,256
Contributions as a percentage of covered payroll	1.04%	0.99%	1.03%	1.06%
	<b>2018</b>			
Contractually required contributions	\$ 411,882			
Contributions in relation to the contractual required contributions	411,882			
Contribution deficiency (excess)	<u>\$ -</u>			
District's covered payroll	\$ 44,365,365			
Contributions as a percentage of covered payroll	0.93%			

Note: Ten years of data should be presented in this schedule but data is unavailable prior to fiscal year 2018.  
Net OPEB liability is calculated in accordance with GASB 75.

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB**

**Changes of Assumptions**

Measurement Year 2018: The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

Measurement Year 2019: The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.

Measurement Year 2020: The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

Measurement Year 2021: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.



## OTHER SUPPLEMENTARY INFORMATION



**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2022**

**Exhibit H-1**  
**Page 1 of 7**

Data Control Codes		206	211	224	225
		ESEA Title X, Pt. C TEXSHEP	ESEA Title I, Part A, Improving Basic Programs	IDEA-B Formula	IDEA-B Preschool
	<b>Assets</b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
	Receivables:				
	Receivables from other				
1240	governments	18,933	637,878	237,007	11,180
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 18,933</u>	<u>\$ 637,878</u>	<u>\$ 237,007</u>	<u>\$ 11,180</u>
	<b>Liabilities, Deferred Inflows, and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ -	\$ -	\$ 843	\$ -
2160	Accrued wages payable	-	12,859	96,048	3,954
2170	Due to other funds	18,933	625,019	140,116	7,226
2300	Unearned revenues	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>18,933</u>	<u>637,878</u>	<u>237,007</u>	<u>11,180</u>
	<b>Fund Balances:</b>				
	<b>Restricted:</b>				
3450	Grant restrictions	-	-	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 18,933</u>	<u>\$ 637,878</u>	<u>\$ 237,007</u>	<u>\$ 11,180</u>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2022**

*Exhibit H-1*  
*Page 2 of 7*

		240	242	244	255
Data Control Codes		Child Nutrition	Summer Food Service Program	Carl Perkins	Title II, Part A TPTR
<b>Assets</b>					
1110	Cash and cash equivalents	\$ 3,047,834	\$ 5,717	\$ -	\$ -
	Receivables:				
	Receivables from other				
1240	governments	210,634	6,846	-	37,430
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	125,408	-	-	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 3,383,876</b>	<b>\$ 12,563</b>	<b>\$ -</b>	<b>\$ 37,430</b>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>					
<b>Liabilities:</b>					
2110	Accounts payable	\$ 58,889	\$ -	\$ -	\$ -
2160	Accrued wages payable	82,738	-	-	-
2170	Due to other funds	-	-	-	37,430
2300	Unearned revenues	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<b>141,627</b>	<b>-</b>	<b>-</b>	<b>37,430</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
3450	Grant restrictions	3,242,249	12,563	-	-
<b>Committed:</b>					
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<b>3,242,249</b>	<b>12,563</b>	<b>-</b>	<b>-</b>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 3,383,876</b>	<b>\$ 12,563</b>	<b>\$ -</b>	<b>\$ 37,430</b>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2022**

**Exhibit H-1**  
**Page 3 of 7**

Data Control Codes		263	265	278	288
		Title III, Part A ELA	21st Century Grant	ARP - Homeless Children and Youth	Magnet/Apex
	<b>Assets</b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
	Receivables:				
	Receivables from other				
1240	governments	26,253	225,784	8,620	357,132
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 26,253</u>	<u>\$ 225,784</u>	<u>\$ 8,620</u>	<u>\$ 357,132</u>
	<b>Liabilities, Deferred Inflows, and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ -	\$ 389	\$ -	\$ 92,326
2160	Accrued wages payable	-	-	-	3,640
2170	Due to other funds	26,253	225,395	8,620	261,166
2300	Unearned revenues	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>26,253</u>	<u>225,784</u>	<u>8,620</u>	<u>357,132</u>
	<b>Fund Balances:</b>				
	<b>Restricted:</b>				
3450	Grant restrictions	-	-	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 26,253</u>	<u>\$ 225,784</u>	<u>\$ 8,620</u>	<u>\$ 357,132</u>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2022**

*Exhibit H-1*  
*Page 4 of 7*

Data Control Codes		289	397	410	427
		Other Federal Grants	Advanced Placement Incentive	Instructional Materials Allotment	Peace Officer / CTE Certificate
	<b>Assets</b>				
1110	Cash and cash equivalents	\$ -	\$ 10,336	\$ -	\$ -
	Receivables:				
	Receivables from other				
1240	governments	277,461	-	86,869	-
1260	Due from other funds	-	595	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 277,461</u>	<u>\$ 10,931</u>	<u>\$ 86,869</u>	<u>\$ -</u>
	<b>Liabilities, Deferred Inflows, and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ -	\$ -	\$ 9,719	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	277,461	-	77,150	-
2300	Unearned revenues	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>277,461</u>	<u>-</u>	<u>86,869</u>	<u>-</u>
	<b>Fund Balances:</b>				
	<b>Restricted:</b>				
3450	Grant restrictions	-	10,931	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>10,931</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 277,461</u>	<u>\$ 10,931</u>	<u>\$ 86,869</u>	<u>\$ -</u>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2022**

*Exhibit H-1*  
*Page 5 of 7*

		429	437	460	461
Data Control Codes		Other State Special Revenue Funds	SSA - Orientation & Mobility	Community Youth Development	Campus Activity Funds
Assets					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 382,547
	Receivables:				
	Receivables from other				
1240	governments	-	-	-	-
1260	Due from other funds	-	-	-	20
1290	Other receivables	-	-	55,960	-
1310	Inventories, at cost	-	-	-	-
1000	Total Assets	\$ -	\$ -	\$ 55,960	\$ 382,567
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ 465	\$ 19,522
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	55,495	-
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	-	-	55,960	19,522
Fund Balances:					
Restricted:					
3450	Grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	363,045
3000	Total Fund Balances	-	-	-	363,045
Total Liabilities, Deferred Inflows, and Fund Balances					
4000		\$ -	\$ -	\$ 55,960	\$ 382,567

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2022**

*Exhibit H-1*  
*Page 6 of 7*

		480	482	484	486
Data Control Codes		Miscellaneous Local Grants	Moody Grants	Galveston Education Foundation	Miscellaneous Donations Stipulations
	Assets				
1110	Cash and cash equivalents	\$ -	\$ 7,063,326	\$ 31,457	\$ 159,427
	Receivables:				
	Receivables from other				
1240	governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	121,222	-	18,631	-
1310	Inventories, at cost	-	-	-	-
1000	Total Assets	\$ 121,222	\$ 7,063,326	\$ 50,088	\$ 159,427
	Liabilities, Deferred Inflows, and Fund Balances				
	Liabilities:				
2110	Accounts payable	\$ 132	\$ 149,596	\$ 2,030	\$ -
2160	Accrued wages payable	27,831	23,868	-	-
2170	Due to other funds	89,235	-	20	-
2300	Unearned revenues	-	-	48,038	-
2000	Total Liabilities	117,198	173,464	50,088	-
	Fund Balances:				
	Restricted:				
3450	Grant restrictions	4,024	6,889,862	-	159,427
	Committed:				
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	4,024	6,889,862	-	159,427
4000	Total Liabilities, Deferred Inflows, and Fund Balances	\$ 121,222	\$ 7,063,326	\$ 50,088	\$ 159,427



**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2022**

*Exhibit H-1*  
*Page 7 of 7*

499

<b>Data Control Codes</b>		<b>Donations No Stipulations</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Assets</b>		
1110	Cash and cash equivalents	\$ 12,724	\$ 10,713,368
	Receivables:		
	Receivables from other		
1240	governments	-	2,142,027
1260	Due from other funds	-	615
1290	Other receivables	-	195,813
1310	Inventories, at cost	-	125,408
<b>1000</b>	<b>Total Assets</b>	<b>\$ 12,724</b>	<b>13,177,231</b>
	<b>Liabilities, Deferred Inflows, and Fund Balances</b>		
	<b>Liabilities:</b>		
2110	Accounts payable	\$ -	333,911
2160	Accrued wages payable	-	250,938
2170	Due to other funds	-	1,849,519
2300	Unearned revenues	-	48,038
<b>2000</b>	<b>Total Liabilities</b>	<b>-</b>	<b>2,482,406</b>
	<b>Fund Balances:</b>		
	<b>Restricted:</b>		
3450	Grant restrictions	12,724	10,331,780
	<b>Committed:</b>		
3545	Other purposes	-	363,045
<b>3000</b>	<b>Total Fund Balances</b>	<b>12,724</b>	<b>10,694,825</b>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 12,724</b>	<b>\$ 13,177,231</b>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2022**

**Exhibit H-2**

**Page 1 of 7**

		206	211	224	225
Data Control Codes		ESEA Title X, Pt. C TEXSHEP	ESEA Title I, Part A, Improving Basic Programs	IDEA-B Formula	IDEA-B Preschool
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	64,040	1,917,427	1,560,388	54,993
5020	Total Revenues	64,040	1,917,427	1,560,388	54,993
Expenditures					
Current:					
0011	Instruction	-	834,840	1,019,508	54,993
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	710,800	-	-
0021	Instructional leadership	-	302,834	2,557	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	538,323	-
0032	Social work services	-	59,392	-	-
0033	Health services	-	9,561	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	64,040	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	64,040	1,917,427	1,560,388	54,993
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other Financing Sources (Uses)					
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2022**

**Exhibit H-2**

**Page 2 of 7**

		240	242	244	255
Data Control Codes		Child Nutrition	Summer Food Service Program	Carl Perkins	Title II, Part A TPTR
Revenues					
5700	Local, intermediate, and out-of-state	\$ 398,368	\$ -	\$ -	\$ -
5800	State program revenues	3,985	-	-	-
5900	Federal program revenues	5,706,552	158,123	103,560	292,937
5020	Total Revenues	6,108,905	158,123	103,560	292,937
Expenditures					
Current:					
0011	Instruction	-	-	103,560	87,320
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	205,617
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	5,060,872	145,560	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	244,479	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	5,305,351	145,560	103,560	292,937
1100	Excess (deficiency) of revenues over (under) expenditures	803,554	12,563	-	-
Other Financing Sources (Uses)					
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	803,554	12,563	-	-
0100	Fund Balance - September 1 (Beginning)	2,438,695	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ 3,242,249	\$ 12,563	\$ -	\$ -

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2022**

**Exhibit H-2**

**Page 3 of 7**

		263	265	278	288
Data Control Codes		Title III, Part A ELA	21st Century Grant	ARP - Homeless Children and Youth	Magnet/Apex
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	172,094	1,368,030	7,470	1,577,594
5020	Total Revenues	172,094	1,368,030	7,470	1,577,594
Expenditures					
Current:					
0011	Instruction	96,179	962,305	-	279,556
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	75,915	282,028	-	992,578
0021	Instructional leadership	-	79,009	-	160,997
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	44,688	7,470	61,588
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	82,875
6030	Total Expenditures	172,094	1,368,030	7,470	1,577,594
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other Financing Sources (Uses)					
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2022**

**Exhibit H-2**

**Page 4 of 7**

		289	397	410	427
Data Control Codes		Other Federal Grants	Advanced Placement Incentive	Instructional Materials Allotment	Peace Officer / CTE Certificate
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	595	90,164	-
5900	Federal program revenues	2,694,289	-	-	-
5020	Total Revenues	2,694,289	595	90,164	-
Expenditures					
Current:					
0011	Instruction	1,754,714	595	90,164	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	734,037	-	-	-
0021	Instructional leadership	35,325	-	-	-
0023	School leadership	60	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	170,153	-	-	-
0052	Security and monitoring services	-	-	-	7,387
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	2,694,289	595	90,164	7,387
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	(7,387)
Other Financing Sources (Uses)					
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	(7,387)
0100	Fund Balance - September 1 (Beginning)	-	10,931	-	7,387
3000	Fund Balance - August 31 (Ending)	\$ -	\$ 10,931	\$ -	\$ -

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2022**

**Exhibit H-2**

**Page 5 of 7**

		429	437	460	461
Data Control Codes		Other State Special Revenue Funds	SSA - Orientation & Mobility	Community Youth Development	Campus Activity Funds
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ 155,797	\$ 63,521	\$ 534,410
5800	State program revenues	5,039	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	5,039	155,797	63,521	534,410
Expenditures					
Current:					
0011	Instruction	350	155,697	64,455	200
0012	Instruction resources and media services	28	-	-	9,566
0013	Curriculum and instructional staff development	-	100	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	432,574
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	4,661	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	5,039	155,797	64,455	442,340
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	(934)	92,070
Other Financing Sources (Uses)					
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	(934)	92,070
0100	Fund Balance - September 1 (Beginning)	-	-	934	270,975
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 363,045

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2022**

**Exhibit H-2**

**Page 6 of 7**

		480	482	484	486
Data Control Codes		Miscellaneous Local Grants	Moody Grants	Galveston Education Foundation	Miscellaneous Donations Stipulations
Revenues					
5700	Local, intermediate, and out-of-state	\$ 490,316	\$ 6,250,782	\$ 210,481	\$ 126,282
5800	State program revenues	8,562	18,249	1,521	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	498,878	6,269,031	212,002	126,282
Expenditures					
Current:					
0011	Instruction	520,165	4,256,301	135,666	589
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	4,217	116,976	-	3,095
0021	Instructional leadership	-	443,937	1,135	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	6,141	-	-	14,343
0033	Health services	-	3,913	-	-
0034	Student transportation	-	90,819	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	75,201	-
0051	Plant maintenance and operations	-	193,612	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	121,249	-	-
0061	Community services	4,378	-	-	5,120
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	534,901	5,226,807	212,002	23,147
1100	Excess (deficiency) of revenues over (under) expenditures	(36,023)	1,042,224	-	103,135
Other Financing Sources (Uses)					
8911	Transfers out	(450,851)	-	-	-
7080	Total Other Financing Sources (Uses)	(450,851)	-	-	-
1200	Net change in fund balances	(486,874)	1,042,224	-	103,135
0100	Fund Balance - September 1 (Beginning)	490,898	5,847,638	-	56,292
3000	Fund Balance - August 31 (Ending)	\$ 4,024	\$ 6,889,862	\$ -	\$ 159,427

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2022**

**Exhibit H-2**

**Page 7 of 7**

		499	
<b>Data Control Codes</b>		<b>Donations No Stipulations</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
5700	Local, intermediate, and out-of-state	\$ -	\$ 8,229,957
5800	State program revenues	-	128,115
5900	Federal program revenues	-	15,677,497
<b>5020</b>	<b>Total Revenues</b>	-	<b>24,035,569</b>
<b>Expenditures</b>			
<b>Current:</b>			
0011	Instruction	-	10,417,157
0012	Instruction resources and media services	-	9,594
0013	Curriculum and instructional staff development	-	3,125,363
0021	Instructional leadership	-	1,025,794
0023	School leadership	-	60
0031	Guidance, counseling and evaluation services	-	538,323
0032	Social work services	-	79,876
0033	Health services	-	13,474
0034	Student transportation	-	90,819
0035	Food service	-	5,206,432
0036	Extracurricular activities	-	432,574
0041	General administration	-	75,201
0051	Plant maintenance and operations	-	612,905
0052	Security and monitoring services	-	7,387
0053	Data processing services	-	121,249
0061	Community services	-	187,284
<b>Capital outlay:</b>			
0081	Facilities acquisition and construction	-	82,875
<b>6030</b>	<b>Total Expenditures</b>	-	<b>22,026,367</b>
1100	Excess (deficiency) of revenues over (under) expenditures	-	2,009,202
<b>Other Financing Sources (Uses)</b>			
8911	Transfers out	-	(450,851)
<b>7080</b>	<b>Total Other Financing Sources (Uses)</b>	-	<b>(450,851)</b>
1200	Net change in fund balances	-	1,558,351
<b>0100</b>	<b>Fund Balance - September 1 (Beginning)</b>	<b>12,724</b>	<b>9,136,474</b>
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<b>\$ 12,724</b>	<b>\$ 10,694,825</b>



## **REQUIRED TEA SCHEDULES**



**Exhibit J-1**Galveston ISD 2022 AFR

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**CHILD NUTRITION PROGRAM FUND**  
**For the Year Ended August 31, 2022**

**Exhibit J-2**

		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
Data Control Codes		Original	Final	Actual	
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 390,000	\$ 390,000	\$ 398,368	\$ 8,368
5800	State program revenues	18,000	18,000	3,985	(14,015)
5900	Federal program revenues	5,050,000	5,392,000	5,706,552	314,552
5020	Total Revenues	5,458,000	5,800,000	6,108,905	308,905
	Expenditures				
	Current:				
0035	Food service	55,555,240	5,305,240	5,060,872	244,368
0051	Plant maintenance and operations	558,985	808,985	244,479	564,506
6030	Total Expenditures	56,114,225	6,114,225	5,305,351	808,874
1100	Excess (deficiency) of revenues over (under) expenditures	(50,656,225)	(314,225)	803,554	1,117,779
1200	Net change in fund balances	(50,656,225)	(314,225)	803,554	1,117,779
0100	Fund Balance - September 1 (Beginning)	2,438,695	2,438,695	2,438,695	2,438,695
3000	Fund Balance - August 31 (Ending)	\$ (48,217,530)	\$ 2,124,470	\$ 3,242,249	\$ 1,117,779

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**For the Year Ended August 31, 2022**

**Exhibit J-3**

		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
Data Control Codes		Original	Final	Actual	
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 8,336,022	\$ 8,336,022	\$ 8,136,392	\$ (199,630)
5800	State program revenues	59,978	59,978	44,303	(15,675)
5020	Total Revenues	8,396,000	8,396,000	8,180,695	(215,305)
	Expenditures				
	Debt service:				
0071	Principal on long-term debt	5,745,000	5,745,000	5,440,000	305,000
0072	Interest on long-term debt	1,945,000	2,255,000	2,242,443	12,557
6030	Total Expenditures	7,690,000	8,000,000	7,682,443	317,557
1100	Excess (deficiency) of revenues over (under) expenditures	706,000	396,000	498,252	102,252
1200	Net change in fund balances	706,000	396,000	498,252	102,252
0100	Fund Balance - September 1 (Beginning)	5,065,866	5,065,866	5,065,866	5,065,866
3000	Fund Balance - August 31 (Ending)	\$ 5,771,866	\$ 5,461,866	\$ 5,564,118	\$ 102,252

**GALVESTON INDEPENDENT SCHOOL DISTRICT***Exhibit J-4***COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES****For the Year Ended August 31, 2022**

<b>Data Codes</b>	<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 8,337,943
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 3,605,299
<b>Section B: Bilingual Education Programs</b>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 948,321
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 795,755

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS**  
**For the Year Ended August 31, 2022**

**Exhibit L-1**

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 at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?  (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered <b>to not have made</b> timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.  Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	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 that were in effect at the school district's 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-

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission





## **FEDERAL AWARDS SECTION**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Galveston Independent School District (the “District”), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise District’s basic financial statements, and have issued our report thereon dated December 14, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) 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 may exist that have not been identified.

**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*.

Board of Trustees  
Galveston Independent School District

**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.

Houston, Texas  
December 14, 2022

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for the Major Federal Program**

***Opinion on Each Major Program***

We have audited Galveston Independent School District’s (the “District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal program for the year ended August 31, 2022. The District’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended August 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 GAAS, *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 GAAS, *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 we 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Board of Trustees  
Galveston Independent School District

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.

Houston, Texas  
December 14, 2022





**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended August 31, 2022**

**I. Summary of Auditors' Results**

**Financial Statements**

---

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

---

Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) ?	No

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
ESEA, Title I, Part A - Improving Basic Programs	84.010A
Title I 1003 School Improvement	84.010A
School Action Fund	84.010A
COVID-19 - CRRSA Act ESSER II	84.425D
COVID-19 - ARP Act ESSER III	84.425U
COVID-19 - ARP Homeless I-TEHCY Supplemental	84.425W
Nita M. Lowey 21st CCLC Cycle 10 Year 4	84.287C
Nita M. Lowey 21st CCLC Cycle 10 Year 5	84.287C
Magnet Schools Assistance	84.165A
Texas Teacher and School Leader Incentive	84.374A
COVID-19 - Emergency Connectivity Fund	32.009
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$782,011
Auditee qualified as low risk auditee?	No

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended August 31, 2022***

**II. Financial Statement Findings**

None reported

**III. Federal Awards Findings and Questioned Costs**

None reported

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2022**

**Exhibit K-1**

**Page 1 of 2**

	(1)	(2)	(3)	(4)
Fund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	ALN*	Pass Through Entity Identifying Number	Federal Expenditures
	<b>U.S. Department of Agriculture</b>			
	<b>Passed Through Texas Department of Agriculture:</b>			
	<i>National School Lunch Program - USDA Commodities -</i>			
240	<i>Non-cash assistance</i>	10.555	806780706	\$ 458,448
240	<i>2022 Supply Chain Assistance Grant Reallocation Award</i>	10.555	806780706	186,885
242	<i>Summer Food Service Program for Children</i>	10.559	806780706	167,111
	<b>Passed Through Texas Education Agency:</b>			
240	<i>National School Breakfast Program</i>	10.553	71402201	1,303,791
240	<i>National School Lunch Program</i>	10.555	71302201	3,679,728
	<i>Total Child Nutrition Cluster (ALN 10.553, 10.555, 10.559)</i>			<u>5,795,963</u>
	<b>Passed Through Texas Department of Agriculture:</b>			
240	<i>Child and Adult Care Food Program</i>	10.558	806780706	379,360
240	<i>Fresh Fruit &amp; Vegetable Program</i>	10.582	806780706	69,020
	<b>Total U.S. Department of Agriculture</b>			<u>6,244,343</u>
	<b>Federal Communications Commission</b>			
289	<i>COVID-19 - Emergency Connectivity Fund</i>	32.009	ECF202113515	206,325
289	<i>COVID-19 - Emergency Connectivity Fund</i>	32.009	ECF222120182	129,710
289	<i>COVID-19 - Emergency Connectivity Fund</i>	32.009	ECF222120658	1,289,908
	<i>Total ALN 32.009</i>			<u>1,625,943</u>
	<b>Total Federal Communications Commission</b>			<u>1,625,943</u>
	<b>U.S. Department of Health and Human Services:</b>			
	<b>Passed Through Texas Health and Human Services Commission:</b>			
289	<i>COVID-19 - School Health Support</i>	93.323	393522018490 2	42,498
199	<i>Medicaid Administrative Claiming Program - MAC</i>	93.778	HHS000537900172	27,206
	<i>Total Medicaid Cluster (ALN 93.778)</i>			<u>27,206</u>
	<b>Total U.S. Department of Health and Human Services:</b>			<u>69,704</u>
	<b>U.S. Department of Homeland Security:</b>			
	<b>Passed Through Texas Division of Emergency Management:</b>			
199	<i>Disaster Grants - Public Assistance - Hurricane Laura (PW #58)</i>	97.036	3540PATXP0000001	96,778
	<b>Total U.S. Department of Homeland Security</b>			<u>96,778</u>
	<b>U.S. Department of Education:</b>			
288	<i>Magnet Schools Assistance</i>	84.165A	U165A180033-19	205,695
288	<i>Magnet Schools Assistance</i>	84.165A	U165A180033-19	1,452,543
	<i>Total ALN 84.165</i>			<u>1,658,238</u>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**For the Year Ended August 31, 2022**

**Exhibit K-1**

**Page 2 of 2**

Fund Code	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) ALN*	(3) Pass Through Entity Identifying Number	(4) Federal Expenditures
<b>Passed Through Texas Education Agency:</b>				
211	ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101084902	28,043
211	ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101084902	3,571
211	ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610141084902	1,803,785
211	ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610141084902	12,859
211	Title I 1003 School Improvement	84.010A	21610141084902	353
211	Title I 1003 School Improvement	84.010A	22610141084902	45,214
211	School Action Fund	84.010A	216101627110006	59,467
211	School Action Fund	84.010A	236101627110008	61,597
	Total ALN 84.010			2,014,889
224	IDEA, Part B - Formula	84.027A	226600010849026000	1,639,989
225	IDEA, Part B - Preschool	84.173A	226610010849026000	57,802
	Total Special Education Cluster (ALN 84.027, 84.173)			1,697,791
244	Perkins V: Strengthening CTE for 21st Century	84.048A	22420006084902	108,820
206	Texas Education For Homeless Children & Youth	84.196A	224600057110060	67,319
265	Nita M. Lowey 21st CCLC Cycle 10 Year 4	84.287C	226950267110019	1,415,656
265	Nita M. Lowey 21st CCLC Cycle 10 Year 5	84.287C	236950267110019	21,900
	Total ALN 84.287			1,437,556
263	Title III, Part A - ELA	84.365A	21671001084902	6,712
263	Title III, Part A - ELA	84.365A	22671001084902	174,162
	Total ALN 84.365			180,874
255	Title II, Part A - Supporting Effective Instruction	84.367A	21694501084902	23,051
255	Title II, Part A - Supporting Effective Instruction	84.367A	22694501084902	284,261
255	Title II - Educator Assessments	84.367A	69452171	531
	Total ALN 84.367			307,843
289	LEP Summer School	84.369A	69552002	4,424
289	Lone Star Stem Cycle 1 Year 2	84.411B	203929017110003	3,563
289	Title IV, Part A - Subpart 1	84.424A	21680101084902	8,893
289	Title IV, Part A - Subpart 1	84.424A	22680101084902	79,836
	Total ALN 84.424			88,729
281	COVID-19 - CRRSA Act ESSER II	84.425D	21521001084902	4,912,349
282	COVID-19 - ARP Act ESSER III	84.425U	21528001084902	4,603,567
278	COVID-19 - ARP Homeless I-TEHCY Supplemental	84.425W	215330017110032	8,620
	Total ALN 84.425			9,524,536
<b>Passed Through Region 18 Education Service Center:</b>				
289	Texas Teacher and School Leader Incentive	84.374A	U374A170083	935,669
	<b>Total U.S. Department of Education:</b>			18,030,251
	<b>Total Expenditures of Federal Awards</b>			<u>\$ 26,067,019</u>

**Note 1 - Summary of Significant Accounting Policies**

The District accounts for all awards under federal programs in the General and Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. All federal grants are subject to review by the grantor agencies. Any expenditures identified by the grantor agencies as disallowed could require reimbursement to the grantor agency from the District's general fund.

**Note 2 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2022. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

**Note 3 - Reconciliation to Basic Financial Statements**

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards ("SEFA") and expenditures reported on the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds:

<b>Total Expenditures of Federal Awards - Exhibit K-1</b>	\$ 26,067,019
Medicaid SHARS	780,949
JROTC	79,059
<b>Total Federal Revenue - Exhibit C-3</b>	<u><u>\$ 26,927,027</u></u>

**GALVESTON INDEPENDENT SCHOOL DISTRICT**  
**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2022**

*Exhibit K-2*

*Page 2 of 2*

**Note 4 – General Fund Expenditures**

Federal awards reported in the general fund are summarized as follows:

Federal revenue accounted for in General Fund:	
Medicaid SHARS	\$ 780,949
JROTC	79,059
Disaster Grants - Public Assistance - Hurricane Laura (PW #58)	96,778
Medicaid Administrative Claiming Program - MAC	27,206
Indirect Costs:	
COVID-19 - ARP Act ESSER III	614,030
COVID-19 - ARP Homeless I-TEHCY Supplemental	1,150
COVID-19 - CRRSA Act ESSER II	655,215
COVID-19 - School Health Support	2,055
ESEA, Title I, Part A - Improving Basic Programs	89,308
IDEA, Part B - Formula	79,601
IDEA, Part B - Preschool	2,809
Lone Star Stem Cycle 1 Year 2	173
Magnet Schools Assistance	80,644
National School Breakfast Program	96,978
National School Lunch Program	273,702
Nita M. Lowey 21st CCLC Cycle 10 Year 4	68,438
Nita M. Lowey 21st CCLC Cycle 10 Year 5	1,088
Perkins V: Strengthening CTE for 21st Century	5,260
School Action Fund	5,935
Summer Food Service Program for Children	8,988
Texas Education For Homeless Children & Youth	3,279
Title I 1003 School Improvement	2,219
Title II, Part A - Supporting Effective Instruction	14,906
Title III, Part A - ELA	8,780
Title IV, Part A - Subpart 1	4,309
Total Indirect Costs	<u>2,018,867</u>
<b>Total Federal Revenue - Exhibit C-3</b>	<u><u>\$ 3,002,859</u></u>

## **GALVESTON INDEPENDENT SCHOOL DISTRICT**

### ***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

***For the Year Ended August 31, 2022***

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs; and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

#### **I. Prior Audit Findings**

None Noted

## **GALVESTON INDEPENDENT SCHOOL DISTRICT**

### ***CORRECTIVE ACTION PLAN***

***For the Year Ended August 31, 2022***

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

#### **I. Corrective Action Plan**

Not Applicable