

**GALVESTON INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL
REPORT**

For the Fiscal Year Ended August 31, 2024

GALVESTON INDEPENDENT SCHOOL DISTRICT

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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, 2024, at a meeting of the board of trustees of such school district on **December 18, 2024.**

President of the Board

Vice President of the Board



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Galveston Independent School District

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2024, 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.

To the Board of Trustees
Galveston Independent School District

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.

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 18, 2024 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 18, 2024



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, 2024. 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 \$50,476,642. Of this amount, \$52,678,264 was net investment in capital assets, which represents the carrying value of the capital assets in excess of the related debt. \$6,246,985 was restricted for debt service and \$5,212,980 was restricted for federal and state programs. The remaining amount was a deficit unrestricted net position of \$13,661,587.
- The District's total net position increased by \$16,459,956. Net position increased by \$1,221,942 as a result of an error correction and increased by \$16,459,956 as a result of operations. This is related to the decrease in contracted instructional services expense which is directly related to the decrease in M&O property tax revenues. Revenues decreased overall, however there was an increase in interest earnings and operating grants and contributions.
- The District's governmental funds reported combined ending fund balances of \$285,393,365 as of August 31, 2024. Of this amount, \$1,197,597 is non-spendable in the form of (1) inventory in the amount of \$53,560 and (2) prepaid items in the amount of \$1,144,037. Fund balance of is restricted for (1) federal and state grants in the amount of \$5,258,806, (2) debt service in the amount of \$6,504,392, and (3) capital acquisitions in the amount of \$231,994,487. Fund balance of \$11,449,400 committed for (1) disaster recovery of \$5.0 million and (2) decreases in state funding of \$6.0 million and (3) campus activity funds in the amount of \$449,400. The remaining amount in fund balance of \$28,988,683 in the general fund is classified as unassigned and is available for spending at the District's discretion. The unassigned fund balance represents 30% of total general fund expenditures.
- The District's bonded debt decreased by \$8,315,000 as a result of 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, 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 \$50,476,642 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

| | Governmental Activities | | |
|------------------------------------------------------------|--------------------------------|----------------------|----------------------|
| | 2024 | 2023 | Change |
| Current and other assets | \$ 313,716,607 | \$ 357,074,255 | \$ (43,357,648) |
| Capital assets | 176,216,015 | 115,468,684 | 60,747,331 |
| Deferred Outflows of Resources | 26,034,983 | 29,134,629 | (3,099,646) |
| Total Assets and Deferred Outflows of Resources | 515,967,605 | 501,677,568 | 14,290,037 |
| Current liabilities | 37,052,803 | 36,126,674 | 926,129 |
| Long term liabilities | 398,704,575 | 399,499,648 | (795,073) |
| Deferred Inflows of Resources | 29,733,585 | 33,256,502 | (3,522,917) |
| Total Liabilities and Deferred Inflows of Resources | 465,490,963 | 468,882,824 | (3,391,861) |
| Net Position | | | |
| Net investment in capital assets | 52,678,264 | 33,824,904 | 18,853,360 |
| Restricted | 11,459,965 | 10,957,233 | 502,732 |
| Unrestricted | (13,661,587) | (11,987,393) | (1,674,194) |
| Total Net Position | \$ 50,476,642 | \$ 32,794,744 | \$ 83,271,386 |

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

| | Governmental Activities | |
|----------------------------|--------------------------------|----------------------|
| | 2024 | 2023 |
| Federal and state programs | \$ 5,212,980 | \$ 5,345,153 |
| Debt Service | 6,246,985 | 5,612,080 |
| | \$ 11,459,965 | \$ 10,957,233 |

The remaining balance of net position in the governmental activities consists of an unrestricted net deficit of \$13,661,587. 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. Net position increased by \$16,459,956 as a result of current year activities due to a decrease in contracted instructional services between schools which is directly related to the decrease in M&O property tax revenue. Investment income increased including unrealized gain on investments.

Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent 87% of total revenues. The remaining 13% is generated from charges for services, investment earnings, and miscellaneous revenues.

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

| | Governmental Activities | | |
|---------------------------------------------------|--------------------------------|----------------------|----------------------|
| | 2024 | 2023 | Change |
| Program Revenues | | | |
| Charges for services | \$ 1,440,324 | \$ 1,258,629 | \$ 181,695 |
| Operating grants and contributions | 27,205,085 | 24,408,251 | 2,796,834 |
| General Revenues | | | |
| Property taxes | 110,568,535 | 121,481,494 | (10,912,959) |
| State Aid - Formula Grants | 2,856,910 | 3,926,746 | (1,069,836) |
| Interest earnings | 18,782,821 | 12,393,602 | 6,389,219 |
| Gain on sale of capital assets | - | 2,162 | (2,162) |
| Miscellaneous | 1,013,295 | 980,106 | 33,189 |
| Total Revenues | <u>161,866,970</u> | <u>164,450,990</u> | <u>(2,584,020)</u> |
| Expenses | | | |
| Instruction | 49,104,065 | 48,383,314 | 720,751 |
| Instructional resources and media services | 368,885 | 362,899 | 5,986 |
| Curriculum and staff development | 2,962,465 | 3,465,205 | (502,740) |
| Instructional leadership | 2,672,966 | 3,029,799 | (356,833) |
| School leadership | 4,341,047 | 4,261,590 | 79,457 |
| Guidance, counseling, and evaluation services | 2,871,033 | 3,104,403 | (233,370) |
| Social work services | 587,646 | 468,505 | 119,141 |
| Health services | 865,207 | 878,119 | (12,912) |
| Student transportation | 3,902,824 | 3,552,577 | 350,247 |
| Food service | 5,821,856 | 5,518,703 | 303,153 |
| Extracurricular activities | 2,558,206 | 2,479,999 | 78,207 |
| General administration | 3,610,289 | 3,640,870 | (30,581) |
| Facilities maintenance and operations | 13,341,953 | 13,699,291 | (357,338) |
| Security and monitoring services | 1,657,734 | 1,419,808 | 237,926 |
| Data processing services | 2,376,347 | 2,532,103 | (155,756) |
| Community services | 498,800 | 1,319,402 | (820,602) |
| Interest on long-term debt | 19,246,619 | 12,637,642 | 6,608,977 |
| Contracted instructional services between schools | 27,654,132 | 43,440,934 | (15,786,802) |
| Payments related to shared services arrangements | 46,841 | 29,253 | 17,588 |
| Other intergovernmental charges | 918,099 | 726,898 | 191,201 |
| Total Expenses | <u>145,407,014</u> | <u>154,951,314</u> | <u>(9,544,300)</u> |
| Change in Net Position | 16,459,956 | 9,499,676 | 6,960,280 |
| Beginning Net Position, as restated | <u>34,016,686</u> | <u>23,295,068</u> | <u>10,721,618</u> |
| Ending Net Position | <u>\$ 50,476,642</u> | <u>\$ 32,794,744</u> | <u>\$ 17,681,898</u> |

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)

| | Total Revenues | % of Total Revenues |
|------------------------------------|---------------------------|--------------------------------|
| Property taxes | \$ 110,568,535 | 68.3% |
| State Aid - Formula Grants | 2,856,910 | 1.8% |
| Operating grants and contributions | 27,205,085 | 16.8% |
| Other revenue | 21,236,440 | 13.1% |
| Total Revenues | \$ 161,866,970 | 100% |

The primary functional expense of the District is instruction, which represents 34% 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.

| | Total Expenses | % of Total Expenses |
|---------------------------------------------------|---------------------------|--------------------------------|
| Instruction | \$ 49,104,065 | 33.8% |
| Food service | 5,821,856 | 4.0% |
| Facilities maintenance and operations | 13,341,953 | 9.2% |
| Interest on long-term debt | 19,246,619 | 13.2% |
| Contracted instructional services between schools | 27,654,132 | 19.0% |
| Other expenses | 30,238,389 | 20.8% |
| Total Expenses | \$ 145,407,014 | 100% |

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 \$285,393,365, a decrease of \$45,906,232 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 \$28,988,683, while total fund balance reached \$41,186,280. 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 30% of expenditures and total fund balance represents 42% of the same amount.

During the current fiscal year, the total fund balance of the District's general fund increased by \$4,056,373 due to a decrease in contracted instructional services directly related to the decrease in property tax revenue related to a decrease in the M&O rate and increased Homestead exemptions.

The debt service fund has a total fund balance of \$6,504,392, all of which is restricted for the payment of debt service. The fund balance increased during the current year by \$441,390 due to an increase in property tax revenues related to property value increases.

The capital projects fund has a total fund balance of \$231,994,487, all of which is restricted for construction and capital asset additions. The fund balance decreased during the current year by \$50,371,793 due to the progress of on Ball High School, Courville Stadium and various other projects.

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:

| | Budget | |
|-----------------------------------|-----------------------|-----------------------|
| | Original | Final Amended |
| Total revenues | \$ 103,457,900 | \$ 103,457,900 |
| Total expenditures | 105,912,996 | 105,912,996 |
| Other financing sources (uses) | 15,000 | 15,000 |
| Net Change in Fund Balance | \$ (2,440,096) | \$ (2,440,096) |

Capital Assets

The District's investment in capital assets for its governmental type activities as of August 31, 2024, includes land, buildings and improvements, and furniture and equipment. The investment in capital assets (capital outlays) during the current year amounted to \$67,152,026. The following table summarizes the investment in capital assets as of August 31, 2024 and 2023.

| | August 31, 2024 | August 31, 2023 |
|----------------------------|------------------------|------------------------|
| Land | \$ 7,587,463 | \$ 7,587,463 |
| Buildings and improvements | 60,180,645 | 66,041,259 |
| Furniture and equipment | 4,145,611 | 4,170,362 |
| Vehicles | 2,909,211 | 2,852,876 |
| Right to use lease assets | 336,794 | 9,878 |
| Subscription assets | 1,197,144 | 874,261 |
| Construction in progress | 99,859,147 | 35,154,527 |
| Net Capital Assets | 176,216,015 | 116,690,626 |

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, 2024, are as follows:

| Outstanding 09/01/23 | Issued | Retired | Outstanding 08/31/24 |
|---------------------------------|---------------|-----------------------|---------------------------------|
| <u>\$ 338,075,000</u> | <u>\$ -</u> | <u>\$ (8,315,000)</u> | <u>\$ 329,760,000</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 2024, enrollment was 6,428 students. In FY 2025, enrollment is projected to be 6,410 students.
- 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. In May 2023, the District sold the remaining \$64.8M in bonds. In FY24, GISD continues to facilitate the construction utilizing the proceeds from the two bond sales.
- For 2024-2025, the maintenance and operations tax rate is \$0.6769, while the debt service rate is \$0.1680, for a total tax rate of \$0.8449. The maintenance and operations tax rate decreased \$0.0023, and the debt service rate decreased by \$0.0003 when compared to 2023-2024.
- Overall, the 2024 Tax Year estimated levy is \$120,032,810. The 2023 Tax Levy is estimated at \$113,610,640. Tax compression resulted in the reduction of the adopted tax rate.
- Operating budgeted expenditures are expected to increase 12.9% or \$12.6M. This increase is primarily due to the increase of \$8.3M in the recapture payment due to TEA. The salary budget is projected to be an increase of \$3.3M due to a pay increase for employees.

These indicators were taken into account when adopting the budget for 2024-2025. The Galveston Independent School District general fund adopted budget for 2024-2025 is as follows:

| General Fund Budget | Fiscal Year |
|----------------------------|-----------------------|
| | 2025 |
| Budgeted Revenues | \$ 107,009,746 |
| Budgeted Expenditures | 110,209,746 |
| | <u>\$ (3,200,000)</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. Matthew Neighbors, 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.

BASIC FINANCIAL STATEMENTS

GALVESTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
August 31, 2024

Exhibit A-1

| <u>Data Control</u> <u>Codes</u> | | <u>Governmental</u> <u>Activities</u> |
|-------------------------------------|----------------------------------------------------|------------------------------------------|
| | Assets | |
| 1110 | Cash and cash equivalents | \$ 298,995,042 |
| 1220 | Property taxes receivable | 8,610,706 |
| 1230 | Allowance for uncollectible taxes | (2,007,135) |
| 1240 | Due from other governments, net of allowance | 5,719,517 |
| 1267 | Due from others | 91,207 |
| 1290 | Other receivables | 956,697 |
| 1310 | Inventories | 206,536 |
| 1410 | Prepaid items | 1,144,037 |
| | Capital assets: | |
| 1510 | Land | 7,587,463 |
| 1520 | Buildings, net | 60,180,645 |
| 1530 | Furniture and equipment, net | 7,054,822 |
| 1550 | Right to use assets | 1,533,938 |
| 1580 | Construction in progress | 99,859,147 |
| 1000 | Total Assets | <u>489,932,622</u> |
| | Deferred Outflows of Resources | |
| | Deferred charge on refunding | 582,035 |
| | Deferred outflows - pension | 16,595,218 |
| | Deferred outflows - OPEB | 8,857,730 |
| 1700 | Total Deferred Outflows of Resources | <u>26,034,983</u> |
| | Liabilities | |
| 2110 | Accounts payable | 12,512,417 |
| 2140 | Interest payable | 1,174,106 |
| 2150 | Payroll deductions and withholdings | 6,590 |
| 2160 | Accrued wages payable | 2,603,497 |
| 2180 | Due to other governments | 1,098,003 |
| 2200 | Accrued expenses | 2,761,617 |
| 2300 | Unearned revenue | 750,350 |
| | Noncurrent Liabilities: | |
| | Due within one year: | |
| 2501 | Bonds, leases, and compensated absences | 9,281,576 |
| | Due in more than one year: | |
| 2502 | Bonds, leases, arbitrage, and compensated absences | 352,292,700 |
| 2540 | Net pension liability | 37,130,299 |
| 2545 | Net OPEB liability | 16,146,223 |
| 2000 | Total Liabilities | <u>435,757,378</u> |
| | Deferred Inflows of Resources | |
| | Deferred inflows - Pension | 3,021,399 |
| | Deferred inflows - OPEB | 26,712,186 |
| 2600 | Total Deferred Inflows of Resources | <u>29,733,585</u> |
| | Net Position | |
| 3200 | Net investment in capital assets | 52,678,264 |
| | Restricted for: | |
| 3820 | Federal and state programs | 5,212,980 |
| 3850 | Debt service | 6,246,985 |
| 3900 | Unrestricted (deficit) | (13,661,587) |
| 3000 | Total Net Position | <u>\$ 50,476,642</u> |

See notes to the financial statements.

GALVESTON INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2024

| Data Control Codes | Functions/Programs | Expenses | Program Revenue | | Net (Expense) Revenue and Changes in Net Position |
|---------------------------------|---------------------------------------------------|--------------------|----------------------|------------------------------------|---------------------------------------------------|
| | | | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities: | | | | | |
| 11 | Instruction | \$ 49,104,065 | \$ 146,364 | \$ 12,754,708 | \$ (36,202,993) |
| 12 | Instructional resources and media services | 368,885 | 10,558 | 9,183 | (349,144) |
| 13 | Curriculum and staff development | 2,962,465 | - | 2,582,884 | (379,581) |
| 21 | Instructional leadership | 2,672,966 | - | 783,542 | (1,889,424) |
| 23 | School leadership | 4,341,047 | - | 369,652 | (3,971,395) |
| 31 | Guidance, counseling, and evaluation services | 2,871,033 | - | 502,898 | (2,368,135) |
| 32 | Social work services | 587,646 | - | 301,038 | (286,608) |
| 33 | Health services | 865,207 | - | 219,105 | (646,102) |
| 34 | Student transportation | 3,902,824 | - | 186,496 | (3,716,328) |
| 35 | Food service | 5,821,856 | 571,831 | 6,173,819 | 923,794 |
| 36 | Extracurricular activities | 2,558,206 | 623,623 | 35,813 | (1,898,770) |
| 41 | General administration | 3,610,289 | - | 1,670,999 | (1,939,290) |
| 51 | Facilities maintenance and operations | 13,341,953 | 87,948 | 565,923 | (12,688,082) |
| 52 | Security and monitoring services | 1,657,734 | - | 241,246 | (1,416,488) |
| 53 | Data processing services | 2,376,347 | - | 325,790 | (2,050,557) |
| 61 | Community services | 498,800 | - | 481,989 | (16,811) |
| 72 | Interest on long-term debt | 19,246,619 | - | - | (19,246,619) |
| 91 | Contracted instructional services between schools | 27,654,132 | - | - | (27,654,132) |
| 93 | Payments related to shared services arrangements | 46,841 | - | - | (46,841) |
| 99 | Other intergovernmental charges | 918,099 | - | - | (918,099) |
| TG | Total Governmental Activities | <u>145,407,014</u> | <u>1,440,324</u> | <u>27,205,085</u> | <u>(116,761,605)</u> |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| MT | Property taxes, levied for general purposes | | | | 88,608,686 |
| DT | Property taxes, levied for debt service | | | | 21,959,849 |
| SF | State-aid formula grants | | | | 2,856,910 |
| IE | Investment earnings | | | | 18,782,821 |
| MI | Miscellaneous | | | | 1,013,295 |
| | Total General Revenues | | | | <u>133,221,561</u> |
| CN | Change in net position | | | | 16,459,956 |
| NB | Net Position - Beginning, as Restated | | | | <u>34,016,686</u> |
| NE | Net Position - Ending | | | | <u>\$ 50,476,642</u> |

GALVESTON INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET - GOVERNMENTAL FUNDS

August 31, 2024

| Data Control Codes | General Fund | Debt Service Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds | |
|---------------------------------------------------------|---------------------------------------------------------------|--------------------------|------------------------------|------------------------------------|---------------------------------|-----------------------|
| Assets | | | | | | |
| 1110 | Cash and cash equivalents | \$ 43,152,091 | \$ 6,349,048 | \$ 243,086,642 | \$ 6,407,261 | \$ 298,995,042 |
| | Receivables: | | | | | |
| 1220 | Property taxes - delinquent | 7,470,863 | 1,139,843 | - | - | 8,610,706 |
| 1230 | Allowance for uncollectible taxes (credit) | (1,783,991) | (223,144) | - | - | (2,007,135) |
| | Due from other governments, | | | | | |
| | net of allowance | 2,116,828 | 107,482 | - | 3,495,207 | 5,719,517 |
| 1260 | Due from other funds | 3,294,074 | - | - | 92,196 | 3,386,270 |
| 1267 | Due from others | 91,207 | - | - | - | 91,207 |
| 1290 | Other receivables | 308,739 | 47,862 | 484,797 | 115,299 | 956,697 |
| 1310 | Inventories, at cost | 53,560 | - | - | 152,976 | 206,536 |
| 1410 | Prepaid items | 1,144,037 | - | - | - | 1,144,037 |
| 1000 | Total Assets | \$ 55,847,408 | \$ 7,421,091 | \$ 243,571,439 | \$ 10,262,939 | \$ 317,102,877 |
| Liabilities, Deferred Inflows, and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| 2110 | Accounts payable | \$ 606,783 | \$ - | \$ 11,576,952 | \$ 328,682 | \$ 12,512,417 |
| | Payroll deduction and withholdings | | | | | |
| 2150 | payable | 6,590 | - | - | - | 6,590 |
| 2160 | Accrued wages payable | 2,514,066 | - | - | 89,431 | 2,603,497 |
| 2170 | Due to other funds | - | - | - | 3,386,270 | 3,386,270 |
| 2180 | Due to other governments | 1,098,003 | - | - | - | 1,098,003 |
| 2200 | Accrued expenses | 2,761,617 | - | - | - | 2,761,617 |
| 2300 | Unearned revenues | - | - | - | 750,350 | 750,350 |
| 2000 | Total Liabilities | 6,987,059 | - | 11,576,952 | 4,554,733 | 23,118,744 |
| Deferred Inflows of Resources | | | | | | |
| | Unavailable revenue - property taxes | 5,686,872 | 916,699 | - | - | 6,603,571 |
| | Unavailable revenue - grants | 1,987,197 | - | - | - | 1,987,197 |
| 2600 | Total Deferred Inflows of Resources | 7,674,069 | 916,699 | - | - | 8,590,768 |
| Fund Balances: | | | | | | |
| Nonspendable: | | | | | | |
| 3410 | Inventories | 53,560 | - | - | - | 53,560 |
| 3430 | Prepaid items | 1,144,037 | - | - | - | 1,144,037 |
| Restricted: | | | | | | |
| 3450 | Grant restrictions | - | - | - | 5,258,806 | 5,258,806 |
| 3470 | Capital acquisitions | - | - | 231,994,487 | - | 231,994,487 |
| 3480 | Debt service | - | 6,504,392 | - | - | 6,504,392 |
| Committed: | | | | | | |
| 3545 | Other purposes | 11,000,000 | - | - | 449,400 | 11,449,400 |
| 3600 | Unassigned | 28,988,683 | - | - | - | 28,988,683 |
| 3000 | Total Fund Balances | 41,186,280 | 6,504,392 | 231,994,487 | 5,708,206 | 285,393,365 |
| 4000 | Total Liabilities, Deferred Inflows, and Fund Balances | \$ 55,847,408 | \$ 7,421,091 | \$ 243,571,439 | \$ 10,262,939 | \$ 317,102,877 |

GALVESTON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
August 31, 2024

Exhibit C-1R

Data
Control
Codes

| | | |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| | Total Fund Balance - Governmental Funds | \$ 285,393,365 |
| 1 | Capital assets of \$321,604,616, net of accumulated depreciation/amortization of \$145,388,601, used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 176,216,015 |
| | 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. | |
| 2 | Deferred outflows - pension related | 16,595,218 |
| 3 | Deferred outflows - OPEB related | 8,857,730 |
| 4 | Deferred inflows - pension related | (3,021,399) |
| 5 | Deferred inflows - OPEB related | (26,712,186) |
| 6 | 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. | 8,590,768 |
| | Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds. | |
| 7 | General obligation bonds payable | (329,760,000) |
| 8 | Leases payable | (338,985) |
| 9 | Arbitrage payable | (5,426,833) |
| 10 | Compensated absences | (33,170) |
| 11 | Accrued interest on long-term debt | (1,174,106) |
| 12 | Net pension liability | (37,130,299) |
| 13 | Net OPEB liability | (16,146,223) |
| | 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. | |
| 14 | Deferred amount on refunding | 582,035 |
| 15 | Premium on general obligation bonds | <u>(26,015,288)</u> |
| 29 | Total Net Position - Governmental Activities | <u><u>\$ 50,476,642</u></u> |

GALVESTON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

For the Year Ended August 31, 2024

Exhibit C-2

| Data Control Codes | General Fund | Debt Service Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------------------------------------------|----------------------|--------------------------|------------------------------|------------------------------------|---------------------------------|
| Revenues | | | | | |
| 5700 Local and intermediate sources | \$ 92,854,360 | \$ 22,224,989 | \$ 14,866,718 | \$ 4,551,717 | \$ 134,497,784 |
| 5800 State program revenues | 6,306,564 | 1,143,585 | - | 1,093,352 | 8,543,501 |
| 5900 Federal program revenues | 2,389,186 | - | - | 18,847,765 | 21,236,951 |
| 5020 Total Revenues | 101,550,110 | 23,368,574 | 14,866,718 | 24,492,834 | 164,278,236 |
| Expenditures | | | | | |
| Current: | | | | | |
| 0011 Instruction | 37,437,893 | - | (13,885) | 11,937,038 | 49,361,046 |
| 0012 Instruction resources and media services | 339,125 | - | - | 17,728 | 356,853 |
| 0013 Curriculum and staff development | 373,951 | - | - | 2,518,543 | 2,892,494 |
| 0021 Instructional leadership | 1,793,410 | - | - | 829,221 | 2,622,631 |
| 0023 School leadership | 3,959,224 | - | - | 296,960 | 4,256,184 |
| 0031 Guidance, counseling and evaluation services | 2,303,926 | - | - | 522,583 | 2,826,509 |
| 0032 Social work services | 277,760 | - | - | 301,561 | 579,321 |
| 0033 Health services | 806,159 | - | - | 40,102 | 846,261 |
| 0034 Student transportation | 3,600,409 | - | - | 205,863 | 3,806,272 |
| 0035 Food service | 3,437 | - | - | 5,910,199 | 5,913,636 |
| 0036 Extracurricular activities | 2,004,969 | - | - | 515,497 | 2,520,466 |
| 0041 General administration | 3,438,936 | - | - | 146,653 | 3,585,589 |
| 0051 Plant maintenance and operations | 9,164,648 | - | 5,739 | 332,023 | 9,502,410 |
| 0052 Security and monitoring services | 1,391,963 | - | - | 229,952 | 1,621,915 |
| 0053 Data processing services | 1,972,627 | - | 52,915 | 312,754 | 2,338,296 |
| 0061 Community services | 2,795 | - | - | 476,193 | 478,988 |
| Debt service: | | | | | |
| 0071 Principal on long-term debt | 22,964 | 8,315,000 | - | - | 8,337,964 |
| 0072 Interest on long-term debt | 4,789 | 14,610,234 | - | - | 14,615,023 |
| 0073 Bond issuance costs and fees | - | 1,950 | - | - | 1,950 |
| Capital outlay: | | | | | |
| 0081 Facilities acquisition and construction | 139,272 | - | 65,193,742 | 1,483 | 65,334,497 |
| Intergovernmental: | | | | | |
| 0091 Contracted instructional services | 27,654,132 | - | - | - | 27,654,132 |
| 0093 Payments related to shared services arrangement | 46,841 | - | - | - | 46,841 |
| 0099 Other intergovernmental charges | 918,099 | - | - | - | 918,099 |
| 6030 Total Expenditures | 97,657,329 | 22,927,184 | 65,238,511 | 24,594,353 | 210,417,377 |
| 1100 Excess (deficiency) of revenues over (under) expenditures | 3,892,781 | 441,390 | (50,371,793) | (101,519) | (46,139,141) |
| Other Financing Sources (Uses) | | | | | |
| 7912 Sale of real or personal property | 9,146 | - | - | 4,273 | 13,419 |
| 7913 Proceeds from capital lease | 351,437 | - | - | - | 351,437 |
| 7915 Transfers in | 12,724 | - | - | 111,394 | 124,118 |
| 8911 Transfers out | (209,715) | - | - | (46,350) | (256,065) |
| 7080 Total Other Financing Sources (Uses) | 163,592 | - | - | 69,317 | 232,909 |
| 1200 Net change in fund balances | 4,056,373 | 441,390 | (50,371,793) | (32,202) | (45,906,232) |
| 0100 Fund Balance - September 1 (Beginning) | 37,129,907 | 6,063,002 | 282,366,280 | 5,740,408 | 331,299,597 |
| 3000 Fund Balance - August 31 (Ending) | \$ 41,186,280 | \$ 6,504,392 | \$ 231,994,487 | \$ 5,708,206 | \$ 285,393,365 |

GALVESTON INDEPENDENT SCHOOL DISTRICT

Exhibit C-2R

**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, 2024**

| <u>Data Control Codes</u> | | |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| | Net change in fund balances - total governmental funds | \$ (45,906,232) |
| 1 | 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 capital outlays exceeded depreciation/amortization expense in the current period. | 59,553,782 |
| | Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | |
| 2 | Property taxes | 174,236 |
| 3 | Grants | (433,005) |
| | The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. | |
| 4 | Gain on sale of assets | (28,393) |
| | 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. | |
| 5 | Proceeds on new leases | (351,437) |
| 6 | Principal paid on bonds | 8,315,000 |
| 7 | Principal paid on leases | 22,964 |
| 8 | Interest expense incurred on arbitrage | (5,154,833) |
| 9 | 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. | 131,947 |
| | 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. | |
| 10 | Accrued interest on long-term debt | 33,892 |
| 11 | Amortization of bond premiums | 856,051 |
| 12 | Amortization of deferred amounts on refunding | (364,756) |
| 13 | Compensated absences | (4,232) |
| 14 | Changes in pension liabilities and related deferred inflows/outflows of resources | (3,859,226) |
| 15 | Changes in OPEB liabilities and related deferred inflows/outflows of resources | 3,474,198 |
| | Change in Net Position of Governmental Activities | <u>\$ 16,459,956</u> |

GALVESTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended August 31, 2024

Exhibit D-2

| | <u>Governmental Activities</u> |
|----------------------------------------|--------------------------------|
| | Internal |
| | <u>Service Fund</u> |
| Income (loss) before transfers | - |
| Transfers in | 131,947 |
| Change in Net Position | 131,947 |
| Net Position - September 1 (Beginning) | (131,947) |
| Net Position - August 31 (Ending) | <u>\$ -</u> |

GALVESTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended August 31, 2024

Exhibit D-3

| | <u>Governmental Activities</u> |
|-------------------------------------------------------------------------|--------------------------------|
| | <u>Internal</u> |
| | <u>Service Fund</u> |
| Cash Flows from Operating Activities: | |
| Cash received from user charges | \$ - |
| Cash payments to suppliers | (131,947) |
| Net Cash Provided by (Used for) Operating Activities | <u>(131,947)</u> |
| Cash Flows from Non-Capital Financing Activities: | |
| Operating transfers from other funds | 131,947 |
| Net Cash Provided by (Used for) Non-Capital Financing Activities | <u>131,947</u> |
| | |
| Reconciliation of Operating Income (Loss) to Net Cash | |
| Provided by (Used for) Operating Activities: | |
| Operating Income (Loss) | \$ - |
| Change in assets and liabilities: | |
| Increase (decrease) in due from other funds | (131,947) |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ (131,947)</u> |

GALVESTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
August 31, 2024

Exhibit E-1

| | <u>Private Purpose Trust Fund</u> | <u>Custodial Fund</u> |
|-------------------------------|---------------------------------------|---------------------------|
| Assets | | |
| Cash and cash equivalents | \$ - | \$ 167,678 |
| Restricted assets: | | |
| Cash and cash equivalents | 25,812 | - |
| Total Assets | <u>\$ 25,812</u> | <u>\$ 167,678</u> |
| Liabilities | | |
| Due to others | - | 91,207 |
| Total Liabilities | <u>-</u> | <u>91,207</u> |
| Net Position | | |
| Restricted for other purposes | 25,812 | 76,471 |
| Total Net Position | <u>\$ 25,812</u> | <u>\$ 76,471</u> |

GALVESTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended August 31, 2024

Exhibit E-2

| | <u>Private Purpose Trust Fund</u> | <u>Custodial Fund</u> |
|-----------------------------------------------|---------------------------------------|---------------------------|
| Additions | | |
| Earning from endowments | \$ 5,600 | \$ - |
| Total Additions | <u>5,600</u> | <u>-</u> |
| Deductions | | |
| Professional and contracted services | <u>48,500</u> | <u>84,871</u> |
| Total Deductions | <u>48,500</u> | <u>84,871</u> |
| Change in fiduciary net position | (42,900) | (84,871) |
| Net Position - September 1 (Beginning) | <u>68,712</u> | <u>161,342</u> |
| Net Position - August 31 (Ending) | <u>\$ 25,812</u> | <u>\$ 76,471</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, including lease and subscription-based information technology arrangement liabilities, as well as expenditures related to compensated absences, 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 *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, vehicles, the intangible right-to-use lease assets, and intangible subscription assets, 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, furniture and equipment, and right-to-use assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives or contract terms:

| Assets | In Years |
|----------------------------|--------------------------------------------------------|
| Buildings and improvements | 10 - 50 |
| Furniture and equipment | 5 - 20 |
| Vehicles | 5 - 20 |
| Right-to-use lease assets | Lesser of lease term or underlying asset's useful life |
| Subscription assets | Equal to subscription term |

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, subscription-based information technology arrangements (SBITAs), 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.

Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for various SBITAs for the right to use subscription assets (software). The SBITAs are noncancellable, and the District recognizes a SBITA liability and an intangible right to use SBITA asset in the government-wide financial statements. The District recognizes SBITA liabilities with an initial, individual value of \$50,000 or more.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the sum of (1) the initial SBITA liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term.

Note 1 - Summary of Significant Accounting Policies (continued)

Subscription-Based Information Technology Arrangements (SBITAs) (continued)

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

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and payments included in the measurement of the SBITA 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 remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. SBITA assets are reported with other capital assets and SBITA 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 differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Other Post-Employment Benefits (OPEB)

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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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 issued Statement No. 99, *Omnibus 2022*, in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this statement had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The remaining requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*, in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2024 and are reflected in Note 13. GASB issued Implementation Guide 2021-1, *Implementation Guidance Update – 2021*, in May 2021. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirement, an amendment to Question 7.9.8 in Implementation Guide 2015-1 effective for reporting periods beginning after June 15, 2023, requires governments to capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. The requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

GASB issued Implementation Guide 2023-1, *Implementation Guidance Update – 2023*, in June 2023. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This Implementation Guide amends Implementation Guide No. 2019-3, *Leases*, Question 4.16, and Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, Question 4.13. The requirements of this Implementation Guide are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this Implementation Guide were implemented in fiscal year 2024. See note 13 for the effect on 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, 2024, the District's cash in bank totaled \$19,296,904. The carrying value was \$17,641,663 (governmental activities) and \$193,490 (fiduciary funds). Pledged collateral and FDIC insurance for these deposits totaled \$19,294,656. As such, the District's cash and certificates of deposit were properly collateralized at August 31, 2024.

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 2024, the District invested in MBIA Texas CLASS Investment Pool and TexasDAILY Local Government Investment Pool. Texas CLASS and TexasDAILY operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. The District also invested in municipal bond securities and U.S. treasury/agency securities.

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.

TexasDAILY 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. In order to limit interest and market rate risk from changes in interest rates, the ISD's adopted Investment Policy sets a maximum dollar weighted maturity of 180 days for any internally created pool fund group and no individual investment's maturity shall exceed one year from the date of purchase. The Board may specifically authorize longer maturities for a given investment, within legal limits. In addition, the debt service fund and capital projects fund allow maturities longer than one year as long as legal limits are not exceeded.

Note 2 - Deposits and Investments (continued)

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 pools do not impose any liquidity fees or redemption gates.

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:

| | <u>Investment Maturity in Years</u> | | <u>Total Fair Value</u> | <u>% of Portfolio</u> | <u>Weighted Average Maturity</u> | <u>Valuation Method</u> | <u>S&P / Moody Rating</u> |
|-----------------------------------------|-------------------------------------|----------------------|-------------------------|-----------------------|----------------------------------|-------------------------|-------------------------------|
| | <u>Less than 1</u> | <u>1-5</u> | | | | | |
| Cash and Cash Equivalents: | | | | | | | |
| Time deposits and money market funds | \$ 17,835,153 | \$ - | \$ 17,835,153 | 6.0% | 1 | N/A | N/A |
| Local Government Investment Pools: | | | | | | | |
| Texas CLASS | 50,753,080 | - | \$ 50,753,080 | 17.0% | 40 | Amortized Cost | AAAm |
| TexasDAILY | 12,976,633 | - | 12,976,633 | 4.3% | 36 | Amortized Cost | AAAm |
| Total Local Government Investment Pools | 63,729,713 | - | 63,729,713 | 21.3% | 39 | | |
| Total Cash and Cash Equivalents: | 81,564,866 | - | 81,564,866 | 27.3% | 31 | | |
| Securities: | | | | | | | |
| Municipal bonds | 406,917 | 8,924,994 | 9,331,911 | 3.1% | 309 | Level 1 | Aa2, Aaa, AA+ |
| U.S. Treasury/Agency securities | 139,488,472 | 68,803,283 | 208,291,755 | 69.6% | 326 | Level 1 | Aaa, AA+ |
| Total Securities | 139,895,389 | 77,728,277 | 217,623,666 | 72.7% | 325 | | |
| Total Cash and Investments | \$ 221,460,255 | \$ 77,728,277 | \$ 299,188,532 | 100% | 245 | | |

Note 3 – Receivables and Unearned Revenue

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:

| | <u>Debt</u> | | | <u>Nonmajor</u> | <u>Total</u> |
|-------------------------------------------------------|---------------------|---------------------|------------------------------|---------------------------|----------------------|
| | <u>General Fund</u> | <u>Service Fund</u> | <u>Capital Projects Fund</u> | <u>Governmental Funds</u> | |
| Property taxes | \$ 7,470,863 | \$ 1,139,843 | \$ - | \$ - | \$ 8,610,706 |
| Due from other governments | 2,860,395 | 107,482 | - | 3,495,207 | 6,463,084 |
| Due from others | 91,207 | - | - | - | 91,207 |
| Other | 308,739 | 47,862 | 484,797 | 115,299 | 956,697 |
| Gross receivables | 10,731,204 | 1,295,187 | 484,797 | 3,610,506 | 16,121,694 |
| Allowance for doubtful accounts, property tax related | (1,783,991) | (223,144) | - | - | (2,007,135) |
| Allowance for doubtful accounts, grant related | (743,567) | - | - | - | (743,567) |
| Net Total Receivables | \$ 8,203,646 | \$ 1,072,043 | \$ 484,797 | \$ 3,610,506 | \$ 13,370,992 |

Note 3 – Receivables and Unearned Revenue (continued)

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:

| | <u>Unearned Revenue</u> |
|-----------------------------|-------------------------|
| Nonmajor Governmental Funds | \$ 750,350 |
| Total | <u>\$ 750,350</u> |

Note 4 - Capital Assets

Capital asset activity for the year ended August 31, 2024, was as follows:

| | Balance September 1, | | | Transfers/ Corrections | Balance August 31, | |
|--------------------------------------------------------------|-------------------------|----------------------|--------------------|---------------------------|-----------------------|------|
| | 2023 | Additions | | | Retirements | 2024 |
| Capital Assets, not being Depreciated/Amortized | | | | | | |
| Land | \$ 7,587,463 | \$ - | \$ - | \$ - | \$ 7,587,463 | |
| Construction in progress | 35,154,527 | 64,955,084 | - | (250,464) | 99,859,147 | |
| Total Capital Assets, not being Depreciated/Amortized | <u>42,741,990</u> | <u>64,955,084</u> | <u>-</u> | <u>(250,464)</u> | <u>107,446,610</u> | |
| Capital Assets, being Depreciated/Amortized | | | | | | |
| Buildings and improvements | 189,520,614 | - | (453,377) | 250,464 | 189,317,701 | |
| Furniture and equipment | 14,487,836 | 539,924 | (106,220) | - | 14,921,540 | |
| Vehicles | 7,183,000 | 710,237 | - | - | 7,893,237 | |
| Right to use lease assets | 246,830 | 351,437 | (246,830) | - | 351,437 | |
| Subscription assets | 1,124,103 | 595,344 | (45,356) | - | 1,674,091 | |
| Total Capital Assets, being Depreciated/Amortized | <u>212,562,383</u> | <u>2,196,942</u> | <u>(851,783)</u> | <u>250,464</u> | <u>214,158,006</u> | |
| Less Accumulated Depreciation/Amortization for: | | | | | | |
| Buildings and improvements | (123,479,355) | (6,088,409) | 430,708 | - | (129,137,056) | |
| Furniture and Equipment | (10,317,474) | (558,951) | 100,496 | - | (10,775,929) | |
| Vehicles | (4,330,124) | (653,902) | - | - | (4,984,026) | |
| Right to use lease assets | (236,952) | (24,521) | 246,830 | - | (14,643) | |
| Subscription assets | (249,842) | (272,461) | 45,356 | - | (476,947) | |
| Total Accumulated Depreciation/Amortization | <u>(138,613,747)</u> | <u>(7,598,244)</u> | <u>823,390</u> | <u>-</u> | <u>(145,388,601)</u> | |
| Governmental Capital Assets | <u>\$ 116,690,626</u> | <u>\$ 59,553,782</u> | <u>\$ (28,393)</u> | <u>\$ -</u> | <u>\$ 176,216,015</u> | |

Note 4 - Capital Assets (continued)

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

| <u>Function</u> | <u>Depreciation/ Amortization Expense</u> |
|-----------------------------------------------|-----------------------------------------------|
| Instruction | \$ 2,106,713 |
| Instructional resources and media services | 16,205 |
| Curriculum and staff development | 173,459 |
| Instructional leadership | 112,237 |
| School leadership | 183,548 |
| Guidance, counseling, and evaluation services | 104,677 |
| Social work services | 15,640 |
| Health services | 35,198 |
| Student transportation | 140,425 |
| Food service | 205,519 |
| Extracurricular activities | 74,869 |
| General administration | 406,621 |
| Facilities maintenance and operations | 3,820,244 |
| Security and monitoring services | 52,331 |
| Data processing services | 108,600 |
| Community services | 41,958 |
| | <u>\$ 7,598,244</u> |

The following is a schedule of the District's open construction commitments at August 31, 2024:

| <u>Project</u> | <u>Contract Amount</u> | <u>Construction in Progress</u> | <u>Remaining Commitment</u> |
|-----------------------|----------------------------|-------------------------------------|---------------------------------|
| New Ball HS | \$ 229,973,721 | \$ 58,577,150 | \$ 171,396,571 |
| Ball HS Natatorium | 15,980,000 | 577,950 | 15,402,050 |
| New Courville Stadium | 24,270,000 | 22,472,050 | 1,797,950 |
| Austin MS Renovation | 8,900,000 | 2,709,086 | 6,190,914 |
| Central MS Renovation | 8,513,236 | 7,900,417 | 612,819 |
| Weis MS Renovation | 18,746,764 | 7,619,954 | 11,126,810 |
| Technology Upgrades | 4,535,000 | 2,540 | 4,532,460 |
| | <u>\$ 310,918,721</u> | <u>\$ 99,859,147</u> | <u>\$ 211,059,574</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.

Note 5 - Interfund Receivables, Payables, and Transfers (continued)

The composition of interfund balances as of August 31, 2024, is as follows:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> | <u>Net</u> |
|---------------------------------|---------------------------------|------------------------------|--------------|
| Governmental Funds | | | |
| General Fund | \$ 3,294,074 | \$ - | \$ 3,294,074 |
| Nonmajor Governmental Funds | 92,196 | (3,386,270) | (3,294,074) |
| Total Governmental Funds | <u>3,386,270</u> | <u>(3,386,270)</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, 2024:

| | <u>Transfers in:</u> | | | <u>Total</u> |
|-----------------------------|-------------------------|--------------------------------------------|---------------------------------------|-------------------|
| | <u>General Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Internal Service Funds</u> | |
| Transfers out: | | | | |
| General fund | \$ - | \$ 111,394 | 98,321 | \$ 209,715 |
| Nonmajor governmental funds | | - | 33,626 | 33,626 |
| Capital Projects Fund | 12,724 | - | - | 12,724 |
| | <u>\$ 12,724</u> | <u>\$ 111,394</u> | <u>\$ 131,947</u> | <u>\$ 256,065</u> |

During the fiscal year, a transfer was made from the capital projects fund to reimburse the general fund for previously incurred bond project spending in accordance with a previously approved bond resolution. In addition, a transfer was made from the general fund to reimburse nonmajor governmental funds for local grant expenditures.

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, 2023 | \$ 28,938 |
| Additions (Deductions) | <u>4,232</u> |
| Balance, August 31, 2024 | <u>\$ 33,170</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, 2024.

Note 7 - Long-Term Liabilities (continued)

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, 2024 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 2018 | 27,585,000 | 3.00% to 5.00% | 2/1/2030 | \$ 16,575,000 |
| Series 2021 | 29,380,000 | 1.43% to 5.00% | 2/1/2029 | 21,655,000 |
| Unlimited Tax School Building Bonds: | | | | |
| Series 2022 | 235,840,000 | 4.00% to 5.00% | 2/1/2047 | 230,775,000 |
| Series 2023 | 60,880,000 | 4.00% to 5.00% | 2/1/2048 | 60,755,000 |
| | | | | <u>\$ 329,760,000</u> |

Debt service requirements to maturity are as follows:

| <u>Year Ending August 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2025 | \$ 9,170,000 | \$ 14,187,110 | \$ 23,357,110 |
| 2026 | 9,955,000 | 13,722,985 | 23,677,985 |
| 2027 | 10,785,000 | 13,204,485 | 23,989,485 |
| 2028 | 11,685,000 | 12,723,595 | 24,408,595 |
| 2029 | 12,435,000 | 12,277,815 | 24,712,815 |
| 2030 - 2034 | 57,590,000 | 52,960,750 | 110,550,750 |
| 2035 - 2039 | 69,175,000 | 37,767,700 | 106,942,700 |
| 2040 - 2044 | 85,415,000 | 21,524,900 | 106,939,900 |
| 2045 - 2049 | 63,550,000 | 4,154,800 | 67,704,800 |
| | <u>\$ 329,760,000</u> | <u>\$ 182,524,140</u> | <u>\$ 512,284,140</u> |

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, 2024:

| | <u>Balance September 1, 2023</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance August 31, 2024</u> | <u>Due Within One Year</u> |
|--------------------------|----------------------------------|---------------------|-----------------------|--------------------------------|----------------------------|
| General obligation bonds | \$ 338,075,000 | \$ - | \$ (8,315,000) | \$ 329,760,000 | \$ 9,170,000 |
| Premiums/discounts | 26,871,339 | - | (856,051) | 26,015,288 | - |
| Compensated absences | 28,938 | 4,232 | - | 33,170 | 33,170 |
| Lease payable | 10,512 | 351,437 | (22,964) | 338,985 | 78,406 |
| Arbitrage payable | 272,000 | 5,154,833 | - | 5,426,833 | - |
| | <u>\$ 365,257,789</u> | <u>\$ 5,510,502</u> | <u>\$ (9,194,015)</u> | <u>\$ 361,574,276</u> | <u>\$ 9,281,576</u> |

Note 7 - Long-Term Liabilities (continued)

Previous Years' Defeasance of Debt

The District had no defeased bonds outstanding as of August 31, 2024.

Leases

The District is under contract for a noncancellable lease that conveys control of the right-to-use lease assets. The liabilities outstanding as of August 31, 2024, are as follows:

| <u>Description</u> | <u>Start Date</u> | <u>End Date</u> | <u>Interest Rate</u> | <u>Original Lease Liability</u> | <u>Lease Liability Balance</u> | <u>Lease Asset, Net</u> |
|--------------------|-------------------|-----------------|----------------------|---------------------------------|--------------------------------|-------------------------|
| Copiers | 06/01/24 | 06/30/28 | 8.250% | \$ 351,437 | \$ 338,985 | 336,794 |
| | | | | <u>\$ 351,437</u> | <u>\$ 338,985</u> | <u>\$ 336,794</u> |

The future principal and interest payments are as follows:

| <u>Year Ending August 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|-------------------------------|-------------------|------------------|-------------------|
| 2025 | \$ 78,406 | \$ 25,043 | \$ 103,449 |
| 2026 | 85,124 | 18,325 | 103,449 |
| 2027 | 92,418 | 11,031 | 103,449 |
| 2028 | 83,037 | 3,172 | 86,209 |
| | <u>\$ 338,985</u> | <u>\$ 57,571</u> | <u>\$ 396,556</u> |

Subscription-Based Information Technology Arrangements (SBITAs)

The District had no liabilities outstanding related to SBITAs as of August 31, 2024.

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:

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|--------------------------|----------------------|--------------------------|------------------------------|------------------------------------|-----------------------|
| Property Taxes | \$ 88,594,073 | \$ 21,800,226 | \$ - | \$ - | \$ 110,394,299 |
| Gifts and bequests | 29,500 | - | - | 2,678,313 | 2,707,813 |
| Student activities | - | - | - | 507,056 | 507,056 |
| Food Sales | - | - | - | 576,643 | 576,643 |
| Rent | 33,301 | - | - | - | 33,301 |
| Investment Income | 3,281,894 | 424,763 | 14,866,718 | 209,446 | 18,782,821 |
| Shared service agreement | - | - | - | 136,788 | 136,788 |
| Athletics | 169,562 | - | - | - | 169,562 |
| Tuition and fees | 98,464 | - | - | - | 98,464 |
| Insurance recovery | 77,742 | - | - | - | 77,742 |
| Miscellaneous | 569,824 | - | - | 443,471 | 1,013,295 |
| | <u>\$ 92,854,360</u> | <u>\$ 22,224,989</u> | <u>\$ 14,866,718</u> | <u>\$ 4,551,717</u> | <u>\$ 134,497,784</u> |

Note 9 - Pension Plan and Other Post-Employment Benefits

Plan Description

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

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

Pension Plan Fiduciary Net Position

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/Pages/about_publications.aspx, 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 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 this 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 2019 thru 2025.

| | Contribution Rates | |
|----------------------------------|-------------------------------------------------|-------------------------------------------------|
| | September 1, 2023 to August 31, 2024 | September 1, 2022 to August 31, 2023 |
| Member | 8.25% | 8.00% |
| Non-employer contributing agency | 8.25% | 8.00% |
| Employers | 8.25% | 8.00% |

| | Current Fiscal Year Contributions |
|---------------------------------------------------------------------|----------------------------------------------|
| Employer (District) | \$2,779,974 |
| Employee (Member) | 4,581,878 |
| Non-employer Contributing Entity On-behalf Contributions (State) | 2,905,248 |

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 is a surcharge an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.8% of the member’s salary beginning in fiscal year 2023, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

| Component | Result |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date | August 31, 2022, rolled forward to August 31, 2023 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Single Discount Rate | 7.00% |
| Long-term Expected Rate | 7.00% |
| Municipal Bond Rate as of August 2020 | 4.13% - 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) | 2122 |
| Inflation | 2.30% |
| Salary Increases | 2.95% to 8.95% 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, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2022.

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. 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 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

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

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, 2023 are summarized below:

| Asset Class | Target Allocation ² | Long-Term Expected Geometric Real Rate of Return ³ | Expected Contribution to Long-Term Portfolio Returns |
|--------------------------------------------|--------------------------------|---------------------------------------------------------------|------------------------------------------------------|
| Global Equity | | | |
| USA | 18.00% | 4.00% | 1.00% |
| Non-U.S. Developed | 13.00% | 4.50% | 0.90% |
| Emerging Markets | 9.00% | 4.80% | 0.70% |
| Private Equity ¹ | 14.00% | 7.00% | 1.50% |
| Stable Value | | | |
| Government Bonds | 16.00% | 2.50% | 0.50% |
| Absolute Return ¹ | 0.00% | 3.60% | 0.00% |
| Stable Value Hedge Funds | 5.00% | 4.10% | 0.20% |
| Real Return | | | |
| Real Estate | 15.00% | 4.90% | 1.10% |
| Energy, Natural Resources & Infrastructure | 6.00% | 4.80% | 0.40% |
| Commodities | 0.00% | 4.40% | 0.00% |
| Risk Parity | 8.00% | 4.50% | 0.40% |
| Asset Allocation Leverage | | | |
| Cash | 2.00% | 3.70% | 0.00% |
| Asset Allocation Leverage | -6.00% | 4.40% | -0.10% |
| Inflation Expectation | | | 2.30% |
| Volatility Drag ⁴ | | | -0.90% |
| Expected Return | 100.00% | | 8.00% |

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2023 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2023.

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

Discount Rate Sensitivity Analysis

The following table presents the District's proportional share of the Net Pension Liability of the plan using the discount rate of 7.00%, and what the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

| | Discount Rate | | |
|------------------------------------------------------------|------------------------|-------------------------|------------------------|
| | 1% Decrease (6.00%) | Current Rate (7.00%) | 1% Increase (8.00%) |
| District's proportional share of the net pension liability | \$ 55,511,853 | \$ 37,130,299 | \$ 21,846,027 |

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, 2024, the District reported a liability of \$37,130,299 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 | \$ 37,130,299 |
| State's proportionate share that is associated with the District | <u>36,190,061</u> |
| Total | <u>\$ 73,320,360</u> |

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023, 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, 2022 through August 31, 2023.

At August 31, 2024, the employer’s proportion of the collective net pension liability was 0.0541% which was a decrease of 0.0036% from its proportion measured as of August 31, 2023.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

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

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

For the year ended August 31, 2024, the District recognized pension expense of \$6,790,630. The District also recognized on-behalf pension expense and revenue of \$5,464,386 for support provided by the State.

On August 31, 2024, 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:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience | \$ 1,322,965 | \$ (449,607) |
| Changes of assumption | 3,511,799 | (859,417) |
| Net difference between projected and actual earnings on pension plan investments | 5,403,360 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 3,577,121 | (1,712,375) |
| District contributions subsequent to the measurement date | <u>2,779,973</u> | <u>-</u> |
| Total | <u>\$ 16,595,218</u> | <u>\$ (3,021,399)</u> |

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

The deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount will be recognized as a reduction of the net pension liability in the year ending August 31, 2025. 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:

| Fiscal Year | Pension Expense | Balance of Deferred Outflows (Inflows) |
|-------------|----------------------|-------------------------------------------|
| 2025 | \$ 2,477,942 | \$ 8,315,904 |
| 2026 | 1,670,908 | 6,644,996 |
| 2027 | 5,100,370 | 1,544,626 |
| 2028 | 1,602,736 | (58,110) |
| 2029 | (58,110) | - |
| | <u>\$ 10,793,846</u> | |

The District will continue to make the required pension contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District’s contributions to the Net Pension Liability on an annual basis. The contributions are paid by the funds that pay the employees’ salaries. These funding sources include the General Fund and Special Revenue funds.

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 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 (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx, 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.

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

Benefits Provided (continued)

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

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

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee’s pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

| | Contribution Rates | |
|---------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| | <u>September 1, 2023 to August 31, 2024</u> | <u>September 1, 2022 to August 31, 2023</u> |
| 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% |
| | Current Fiscal Year Contributions | |
| Employer (District) | \$ | 609,336 |
| Employee (Member) | | 360,651 |
| Non-employer Contributing Entity On-behalf Contributions (State) | | 910,726 |

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 \$21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

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

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions:

| Component | Result |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date | August 31, 2022, rolled forward to August 31, 2023 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Inflation | 2.30% |
| Single Discount Rate | 4.13% as of August 31, 2023 |
| 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 | 2.95% to 8.95% including inflation |
| Healthcare Trend Rates | The initial medical trend rates were 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. The initial prescription drug trend was 7.75% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years. |
| Election Rates | Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65. |
| Ad hoc post-employment benefit changes | None |

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023: (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 PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

Discount Rate

A single discount rate of 4.13% was used to measure the total OPEB liability. There was an increase of 0.22% in the discount rate since the previous year.

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2023 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (4.13%) in measuring the Net OPEB Liability.

| | Discount Rate | | |
|---------------------------------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | 1% Decrease (3.13%) | Current Rate (4.13%) | 1% Increase (5.13%) |
| District's proportional share of the net OPEB liability | \$ 19,016,889 | \$ 16,146,223 | \$ 13,803,692 |

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

On August 31, 2024, the District reported a liability of \$16,146,223 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 | \$ 16,146,223 |
| State's proportionate share that is associated with the District | <u>19,482,900</u> |
| Total | <u>\$ 35,629,123</u> |

The Net OPEB Liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 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, 2022 through August 31, 2023.

On August 31, 2024, the District's proportion of the collective Net OPEB Liability was 0.0729% which was a decrease of 0.0017% from its proportion measured as of August 31, 2023.

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 | \$ 13,295,607 | \$ 16,146,223 | \$ 19,813,551 |

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 single discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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

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, 2024, the District recognized negative OPEB expense of \$2,919,801. The District also recognized negative on-behalf OPEB expense and revenue of \$4,165,033 for support provided by the State.

On August 31, 2024, 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:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience | \$ 730,494 | \$ (13,583,988) |
| Changes of assumption | 2,203,842 | (9,886,761) |
| Net difference between projected and actual earnings on OPEB plan investments | 6,976 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 5,307,082 | (3,241,437) |
| District contributions subsequent to the measurement date | 609,336 | - |
| Total | <u>\$ 8,857,730</u> | <u>\$ (26,712,186)</u> |

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2025. 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:

| <u>Fiscal Year</u> | <u>OPEB Expense Amount</u> | <u>Balance of Deferred Outflows (Inflows)</u> |
|--------------------|--------------------------------|---------------------------------------------------|
| 2025 | \$ (4,263,717) | \$ (14,200,075) |
| 2026 | (3,523,168) | (10,676,907) |
| 2027 | (2,520,584) | (8,156,323) |
| 2028 | (2,630,699) | (5,525,624) |
| 2029 | (2,493,296) | (3,032,328) |
| Thereafter | <u>(3,032,328)</u> | - |
| | <u>\$ (18,463,792)</u> | |

The District will continue to make the required OPEB contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District’s contributions to the Net OPEB Liability on an annual basis. The contributions are paid by the funds that pay the employees’ salaries. These funding sources include the General Fund and Special Revenue funds.

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, 2024, 2023, and 2022, the subsidy payments received by TRS-Care on-behalf of the District were \$328,242, \$298,998, and \$228,260, 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, 2024, 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, 2024, 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, 2023 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:

| | Orientation and Mobility Program |
|-------------------|---------------------------------------------|
| Member Districts: | |
| Friendswood ISD | \$ 43,745 |
| Galveston ISD | 46,815 |
| Region IV | 15,000 |
| Santa Fe ISD | 15,614 |
| Texas City ISD | 15,614 |
| | <u>\$ 136,788</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 not be material to the financial statements taken as a whole.

In addition, the District received a demand letter from the Internal Revenue Service of approximately \$900,000, most of which represents penalties and interest incurred on a balance owed. The District intends to appeal this amount and does not expect the final determination of amounts owed to be material to the financial statements taken as a whole.

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 an arbitrage liability as of August 31, 2024 of \$5,426,833 .

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, 2024, the District's receivable was \$3,375,718. The District also reported an allowance of \$955,516 which resulted in a net receivable of \$2,420,202, all of which is considered unavailable as of August 31, 2024.

Note 16 - Prior Period Adjustment

The District recorded a prior period adjustment to capital asset balances as a result of an error correction. This was identified during the current reconciliation process between the correct capital asset detail reports to the previous year audited detail reports. The net effect is an increase to net position of \$1,221,942.

| | <u>Net Position</u> |
|------------------------------------------------|-----------------------------|
| | <u>Governmental</u> |
| | <u>Activities</u> |
| August 31, 2023, as previously reported | \$ 32,794,744 |
| Error correction | <u>1,221,942</u> |
| August 31, 2023, as restated | <u><u>\$ 34,016,686</u></u> |

REQUIRED SUPPLEMENTARY INFORMATION



GALVESTON INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended August 31, 2024

Exhibit G-1

| Data Control Codes | Budgeted Amounts | | | Variance with Final Budget | |
|---------------------------------------|---------------------------------------------------|----------------------|----------------------|-------------------------------|---------------------|
| | Original | Final | Actual | | |
| Revenues | | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ 95,874,253 | \$ 95,874,253 | \$ 92,854,360 | \$ (3,019,893) |
| 5800 | State program revenues | 6,078,647 | 6,078,647 | 6,306,564 | 227,917 |
| 5900 | Federal program revenues | 1,505,000 | 1,505,000 | 2,389,186 | 884,186 |
| 5020 | Total Revenues | 103,457,900 | 103,457,900 | 101,550,110 | (1,907,790) |
| Expenditures | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 38,370,039 | 38,370,039 | 37,437,893 | 932,146 |
| 0012 | Instruction resources and media services | 361,369 | 361,369 | 339,125 | 22,244 |
| 0013 | Curriculum and instructional staff development | 394,254 | 394,254 | 373,951 | 20,303 |
| 0021 | Instructional leadership | 1,944,019 | 1,944,019 | 1,793,410 | 150,609 |
| 0023 | School leadership | 4,180,152 | 4,180,152 | 3,959,224 | 220,928 |
| 0031 | Guidance, counseling and evaluation services | 2,390,832 | 2,390,832 | 2,303,926 | 86,906 |
| 0032 | Social work services | 298,143 | 298,143 | 277,760 | 20,383 |
| 0033 | Health services | 881,969 | 881,969 | 806,159 | 75,810 |
| 0034 | Student transportation | 3,669,555 | 3,669,555 | 3,600,409 | 69,146 |
| 0035 | Food service | - | - | 3,437 | (3,437) |
| 0036 | Extracurricular activities | 2,238,398 | 2,238,398 | 2,004,969 | 233,429 |
| 0041 | General administration | 3,129,179 | 3,129,179 | 3,438,936 | (309,757) |
| 0051 | Plant maintenance and operations | 10,001,107 | 10,001,107 | 9,164,648 | 836,459 |
| 0052 | Security and monitoring services | 1,368,828 | 1,368,828 | 1,391,963 | (23,135) |
| 0053 | Data processing services | 2,118,041 | 2,118,041 | 1,972,627 | 145,414 |
| 0061 | Community services | 887,510 | 887,510 | 2,795 | 884,715 |
| Debt service: | | | | | |
| 0071 | Principal on long-term debt | 90,000 | 85,211 | 22,964 | 62,247 |
| 0072 | Interest on long-term debt | - | 4,789 | 4,789 | - |
| Capital outlay: | | | | | |
| 0081 | Facilities acquisition and construction | 75,000 | 75,000 | 139,272 | (64,272) |
| Intergovernmental: | | | | | |
| 0091 | Contracted instructional services | 32,715,726 | 32,715,726 | 27,654,132 | 5,061,594 |
| 0093 | Payments related to shared services arrangement | 26,875 | 26,875 | 46,841 | (19,966) |
| 0099 | Other intergovernmental charges | 772,000 | 772,000 | 918,099 | (146,099) |
| 6030 | Total Expenditures | 105,912,996 | 105,912,996 | 97,657,329 | 8,255,667 |
| 1100 | Excess (deficiency) of revenues over expenditures | (2,455,096) | (2,455,096) | 3,892,781 | 6,347,877 |
| Other Financing Sources (Uses) | | | | | |
| 7912 | Sale of real or personal property | - | - | 9,146 | 9,146 |
| 7913 | Proceeds from capital lease | - | - | 351,437 | 351,437 |
| 7915 | Transfers in | 15,000 | 15,000 | 12,724 | (2,276) |
| 8911 | Transfers out | - | - | (209,715) | (209,715) |
| 7080 | Total Other Financing Sources (Uses) | 15,000 | 15,000 | 163,592 | 148,592 |
| 1200 | Net change in fund balances | (2,440,096) | (2,440,096) | 4,056,373 | 6,496,469 |
| 0100 | Fund Balance - September 1 (Beginning) | 37,129,907 | 37,129,907 | 37,129,907 | 37,129,907 |
| 3000 | Fund Balance - August 31 (Ending) | \$ 34,689,811 | \$ 34,689,811 | \$ 41,186,280 | \$ 6,496,469 |

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, 2024.

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, 2023. 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.

B. Expenditures in Excess of Appropriations

At the end of the current fiscal year, the District had the following expenditures in excess of appropriations for the legally adopted budgets:

| | Final Budget | Actual | Variance with Final Budget (Unfavorable) |
|-------------------------------------------------|-------------------------|---------------|---------------------------------------------------------|
| General Fund: | | | |
| Food service | \$ - | \$ 3,437 | \$ (3,437) |
| General administration | 3,129,179 | 3,438,936 | (309,757) |
| Security and monitoring services | 1,368,828 | 1,391,963 | (23,135) |
| Facilities acquisition and construction | 75,000 | 139,272 | (64,272) |
| Payments related to shared services arrangement | 26,875 | 46,841 | (19,966) |
| Other intergovernmental charges | 772,000 | 918,099 | (146,099) |

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

Exhibit G-2

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| District's proportion of the net pension liability | 0.0541% | 0.0577% | 0.0486% | 0.0452% | 0.0473% |
| District's proportionate share of the net pension liability | \$ 37,130,299 | \$ 34,241,859 | \$ 12,374,372 | \$ 24,196,225 | \$ 24,564,196 |
| State's proportionate share of the net pension liability associated with the District | <u>36,190,061</u> | <u>15,940,424</u> | <u>15,940,424</u> | <u>33,401,348</u> | <u>33,650,759</u> |
| Total | <u>\$ 73,320,360</u> | <u>\$ 50,182,283</u> | <u>\$ 28,314,796</u> | <u>\$ 57,597,573</u> | <u>\$ 58,214,955</u> |
| District's covered payroll (for Measurement Year) | \$56,695,107 | \$ 51,477,625 | \$ 51,477,625 | \$ 48,848,474 | \$ 44,848,474 |
| District's proportionate share of the net pension liability (asset) as a percentage of covered payroll | 65.49% | 66.52% | 24.04% | 49.53% | 54.77% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.15% | 88.79% | 88.79% | 75.54% | 75.25% |
| Plan's net pension liability as a percentage of covered payroll ¹ | 122.32% | 51.08% | 51.08% | 110.36% | 114.93% |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| District's proportion of the net pension liability | 0.0452% | 0.0457% | 0.0490% | 0.0527% | 0.0316% |
| District's proportionate share of the net pension liability | \$ 24,855,801 | \$ 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 | <u>35,084,192</u> | <u>20,805,798</u> | <u>24,920,877</u> | <u>23,289,869</u> | <u>18,734,703</u> |
| Total | <u>\$ 59,939,993</u> | <u>\$ 35,433,530</u> | <u>\$ 43,438,282</u> | <u>\$ 41,934,737</u> | <u>\$ 27,178,839</u> |
| District's covered payroll (for Measurement Year) | \$ 44,365,365 | \$ 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 | 56.03% | 33.59% | 42.29% | 44.06% | 23.03% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.34% | 82.17% | 78.00% | 78.43% | 83.25% |
| Plan's net pension liability as a percentage of covered payroll ¹ | 126.11% | 75.93% | 92.75% | 91.94% | 72.89% |

¹ 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 TEN FISCAL YEARS

Exhibit G-3

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contributions | \$ 2,779,974 | \$ 2,627,104 | \$ 2,600,557 | \$ 1,982,690 | \$ 1,653,953 |
| Contributions in relation to the contractual required contributions | <u>2,779,974</u> | <u>2,627,104</u> | <u>2,600,557</u> | <u>1,982,690</u> | <u>1,653,953</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 56,137,782 | \$ 56,695,108 | \$ 56,708,397 | \$ 51,477,625 | \$ 48,848,474 |
| Contributions as a percentage of covered payroll | 4.95% | 4.63% | 4.59% | 3.85% | 3.39% |
| | | | | | |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Contractually required contributions | \$ 1,654,008 | \$ 1,519,598 | \$ 1,499,351 | \$ 1,556,573 | \$ 1,561,821 |
| Contributions in relation to the contractual required contributions | <u>1,654,008</u> | <u>1,519,598</u> | <u>1,499,351</u> | <u>1,556,573</u> | <u>1,561,821</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 47,736,256 | \$ 44,365,365 | \$ 43,545,952 | \$ 43,787,789 | \$ 42,319,177 |
| Contributions as a percentage of covered payroll | 3.46% | 3.43% | 3.44% | 3.55% | 3.69% |

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.

Measurement Year 2022: The discount rate changed from 7.25% to 7.00%.

Measurement Year 2023: None.

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

Exhibit G-4

| | <u>2022</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|-------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| District's proportion of the net liability for OPEB | 0.0729% | 0.0746% | 0.0669% | 0.0660% |
| District's proportionate share of net OPEB liability | \$ 16,146,223 | \$ 17,861,608 | \$ 25,815,260 | \$ 25,071,169 |
| State's proportionate share of the net OPEB liability associated with the District | <u>19,482,900</u> | <u>21,788,356</u> | <u>34,586,695</u> | <u>33,689,642</u> |
| Total | <u>\$ 35,629,123</u> | <u>\$ 39,649,964</u> | <u>\$ 60,401,955</u> | <u>\$ 58,760,811</u> |
| District's covered payroll | \$ 56,695,107 | \$ 56,708,397 | \$ 51,477,625 | \$ 48,848,474 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 28.48% | 31.50% | 50.15% | 51.32% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 14.94% | 11.52% | 6.18% | 4.99% |
| Plan's net OPEB liability as a percentage of covered payroll ¹ | 51.86% | 59.10% | 100.13% | 101.46% |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | |
| District's proportion of the net liability for OPEB | 0.0710% | 0.0662% | 0.0693% | |
| District's proportionate share of net OPEB liability | \$ 33,582,069 | \$ 33,058,726 | \$ 30,124,471 | |
| State's proportionate share of the net OPEB liability associated with the District | <u>44,623,059</u> | <u>36,601,566</u> | <u>32,550,412</u> | |
| Total | <u>\$ 78,205,128</u> | <u>\$ 69,660,292</u> | <u>\$ 62,674,883</u> | |
| District's covered payroll | \$ 48,848,474 | \$ 44,365,365 | \$ 43,545,952 | |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 68.75% | 74.51% | 69.18% | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 2.66% | 1.57% | 0.91% | |
| Plan's net OPEB liability as a percentage of covered payroll ¹ | 135.21% | 146.64% | 132.55% | |

¹ 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 SEVEN FISCAL YEARS

Exhibit G-5

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| Contractually required contributions | \$ 609,336 | \$ 687,619 | \$ 590,201 | \$ 507,832 |
| Contributions in relation to the contractual required contributions | <u>609,336</u> | <u>687,619</u> | <u>590,201</u> | <u>507,832</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | |
| District's covered payroll | \$ 56,137,782 | \$ 56,695,108 | \$ 56,708,397 | \$ 51,477,625 |
| Contributions as a percentage of covered payroll | 1.09% | 1.21% | 1.04% | 0.99% |
| | | | | |
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | |
| Contractually required contributions | \$ 503,983 | \$ 504,518 | \$ 411,882 | |
| Contributions in relation to the contractual required contributions | <u>503,983</u> | <u>504,518</u> | <u>411,882</u> | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| | | | | |
| District's covered payroll | \$ 48,848,474 | \$ 47,736,256 | \$ 44,365,365 | |
| Contributions as a percentage of covered payroll | 1.03% | 1.06% | 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.

Measurement Year 2022: The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.

Measurement Year 2023: The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

OTHER SUPPLEMENTARY INFORMATION



GALVESTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2024

Exhibit H-1
Page 1 of 8

| 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 |
| Assets | | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - |
| Receivables: | | | | | |
| 1240 | Due from other governments | 922 | 923,147 | 295,320 | 10,268 |
| 1260 | Due from other funds | - | - | - | - |
| 1290 | Other receivables | - | - | - | - |
| 1310 | Inventories, at cost | - | - | - | - |
| 1000 | Total Assets | <u>\$ 922</u> | <u>\$ 923,147</u> | <u>\$ 295,320</u> | <u>\$ 10,268</u> |
| Liabilities, Deferred Inflows, and Fund Balances | | | | | |
| Liabilities: | | | | | |
| 2110 | Accounts payable | \$ - | \$ 30,161 | \$ - | \$ - |
| 2160 | Accrued wages payable | - | 4,450 | - | - |
| 2170 | Due to other funds | 922 | 888,536 | 295,320 | 10,268 |
| 2300 | Unearned revenues | - | - | - | - |
| 2000 | Total Liabilities | <u>922</u> | <u>923,147</u> | <u>295,320</u> | <u>10,268</u> |
| Fund Balances: | | | | | |
| Restricted: | | | | | |
| 3450 | Grant restrictions | - | - | - | - |
| Committed: | | | | | |
| 3545 | Other purposes | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities, Deferred Inflows, and Fund Balances | <u>\$ 922</u> | <u>\$ 923,147</u> | <u>\$ 295,320</u> | <u>\$ 10,268</u> |



GALVESTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2024

Exhibit H-1
Page 2 of 8

| | | 226 | 240 | 242 | 244 |
|---------------------------------------------------------|---------------------------------------------------------------|-------------------------|---------------------|-----------------------------------|--------------|
| Data Control Codes | | IDEA-B Discretionary | Child Nutrition | Summer Food Service Program | Carl Perkins |
| Assets | | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ 3,846,315 | \$ 134,101 | \$ - |
| Receivables: | | | | | |
| 1240 | Due from other governments | - | 298,512 | 8,952 | - |
| 1260 | Due from other funds | - | - | - | - |
| 1290 | Other receivables | - | - | - | - |
| 1310 | Inventories, at cost | - | 152,976 | - | - |
| 1000 | Total Assets | <u>\$ -</u> | <u>\$ 4,297,803</u> | <u>\$ 143,053</u> | <u>\$ -</u> |
| Liabilities, Deferred Inflows, and Fund Balances | | | | | |
| Liabilities: | | | | | |
| 2110 | Accounts payable | \$ - | \$ 95,748 | \$ (2,420) | \$ - |
| 2160 | Accrued wages payable | - | 78,340 | - | - |
| 2170 | Due to other funds | - | - | - | - |
| 2300 | Unearned revenues | - | - | - | - |
| 2000 | Total Liabilities | <u>-</u> | <u>174,088</u> | <u>(2,420)</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Restricted: | | | | | |
| 3450 | Grant restrictions | - | 4,123,715 | 145,473 | - |
| Committed: | | | | | |
| 3545 | Other purposes | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>4,123,715</u> | <u>145,473</u> | <u>-</u> |
| 4000 | Total Liabilities, Deferred Inflows, and Fund Balances | <u>\$ -</u> | <u>\$ 4,297,803</u> | <u>\$ 143,053</u> | <u>\$ -</u> |

GALVESTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2024

Exhibit H-1
Page 3 of 8

| | 255 | 263 | 265 | 278 | |
|-------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------|-------------------------------|--------------------------------------------------|-------------|
| Data Control Codes | Title II, Part A TPTR | Title III, Part A ELA | 21st Century Grant | ARP - Homeless Children and Youth | |
| Assets | | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - |
| Receivables: | | | | | |
| 1240 | Due from other governments | 146,778 | 33,645 | 212,750 | - |
| 1260 | Due from other funds | - | - | - | - |
| 1290 | Other receivables | - | - | - | - |
| 1310 | Inventories, at cost | - | - | - | - |
| 1000 | Total Assets | \$ 146,778 | \$ 33,645 | \$ 212,750 | \$ - |
| Liabilities, Deferred Inflows, and Fund Balances | | | | | |
| Liabilities: | | | | | |
| 2110 | Accounts payable | \$ - | \$ 400 | \$ 325 | \$ - |
| 2160 | Accrued wages payable | - | - | - | - |
| 2170 | Due to other funds | 146,778 | 33,245 | 212,425 | - |
| 2300 | Unearned revenues | - | - | - | - |
| 2000 | Total Liabilities | 146,778 | 33,645 | 212,750 | - |
| Fund Balances: | | | | | |
| Restricted: | | | | | |
| 3450 | Grant restrictions | - | - | - | - |
| Committed: | | | | | |
| 3545 | Other purposes | - | - | - | - |
| 3000 | Total Fund Balances | - | - | - | - |
| 4000 | Total Liabilities, Deferred Inflows, and Fund Balances | \$ 146,778 | \$ 33,645 | \$ 212,750 | \$ - |

GALVESTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2024

Exhibit H-1
Page 4 of 8

| Data Control Codes | 280 American Rescue Plan (ARP) Act—Homeless II—Education for Homeless | 281 ESSER II | 282 ESSER III | 284 IDEA—Part B, Formula—Ame rican Rescue Plan (ARP) Act |
|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|---------------------------------------------------------------------------------|
| Assets | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ - | \$ - |
| Receivables: | | | | |
| 1240 | Due from other governments | 14,187 | - | 907,150 |
| 1260 | Due from other funds | - | - | - |
| 1290 | Other receivables | - | - | - |
| 1310 | Inventories, at cost | - | - | - |
| 1000 | Total Assets | <u>\$ 14,187</u> | <u>\$ -</u> | <u>\$ 907,150</u> |
| Liabilities, Deferred Inflows, and Fund Balances | | | | |
| Liabilities: | | | | |
| 2110 | Accounts payable | \$ - | \$ - | \$ 40,000 |
| 2160 | Accrued wages payable | - | 6,641 | - |
| 2170 | Due to other funds | 14,187 | (6,641) | 867,150 |
| 2300 | Unearned revenues | - | - | - |
| 2000 | Total Liabilities | <u>14,187</u> | <u>-</u> | <u>907,150</u> |
| Fund Balances: | | | | |
| Restricted: | | | | |
| 3450 | Grant restrictions | - | - | - |
| Committed: | | | | |
| 3545 | Other purposes | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities, Deferred Inflows, and Fund Balances | <u>\$ 14,187</u> | <u>\$ -</u> | <u>\$ 907,150</u> |

GALVESTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2024

| | 285 | 288 | 289 | 397 |
|-------------------------------------------------------------|---------------------------------------------------------------------------|--------------------|---------------------------------|---------------------------------------------|
| <u>Data Control Codes</u> | <u>IDEA—Part B, Preschool—Am erican Rescue Plan (ARP) Act</u> | <u>Magnet/Apex</u> | <u>Other Federal Grants</u> | <u>Advanced Placement Incentive</u> |
| Assets | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ 179,075 | \$ - |
| | Receivables: | | | |
| 1240 | Due from other governments | - | 76,520 | - |
| 1260 | Due from other funds | - | - | - |
| 1290 | Other receivables | - | - | - |
| 1310 | Inventories, at cost | - | - | - |
| 1000 | Total Assets | <u>\$ -</u> | <u>\$ 255,595</u> | <u>\$ -</u> |
| Liabilities, Deferred Inflows, and Fund Balances | | | | |
| Liabilities: | | | | |
| 2110 | Accounts payable | \$ - | \$ 11,120 | \$ - |
| 2160 | Accrued wages payable | - | - | - |
| 2170 | Due to other funds | - | 244,475 | - |
| 2300 | Unearned revenues | - | - | - |
| 2000 | Total Liabilities | <u>-</u> | <u>255,595</u> | <u>-</u> |
| Fund Balances: | | | | |
| Restricted: | | | | |
| 3450 | Grant restrictions | - | - | - |
| Committed: | | | | |
| 3545 | Other purposes | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities, Deferred Inflows, and Fund Balances | <u>\$ -</u> | <u>\$ 255,595</u> | <u>\$ -</u> |

GALVESTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2024

Exhibit H-1
Page 6 of 8

| | 410 | 427 | 429 | 437 |
|---------------------------------------------------------|---------------------------------------------------------------|----------------------------------------|------------------------------------------|-----------------------------------------|
| Data Control Codes | Instructional Materials Allotment | Peace Officer / CTE Certificate | Other State Special Revenue Funds | SSA - Orientation & Mobility |
| Assets | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ 92 | \$ - |
| | Receivables: | | | |
| 1240 | Due from other governments | 470,023 | - | 4,978 |
| 1260 | Due from other funds | - | - | - |
| 1290 | Other receivables | - | - | 31,228 |
| 1310 | Inventories, at cost | - | - | - |
| 1000 | Total Assets | \$ 470,023 | \$ 92 | \$ 4,978 |
| Liabilities, Deferred Inflows, and Fund Balances | | | | |
| Liabilities: | | | | |
| 2110 | Accounts payable | \$ - | \$ - | \$ - |
| 2160 | Accrued wages payable | - | - | - |
| 2170 | Due to other funds | 470,023 | - | 4,628 |
| 2300 | Unearned revenues | - | - | 350 |
| 2000 | Total Liabilities | 470,023 | - | 4,978 |
| Fund Balances: | | | | |
| Restricted: | | | | |
| 3450 | Grant restrictions | - | 92 | - |
| Committed: | | | | |
| 3545 | Other purposes | - | - | - |
| 3000 | Total Fund Balances | - | 92 | - |
| 4000 | Total Liabilities, Deferred Inflows, and Fund Balances | \$ 470,023 | \$ 92 | \$ 4,978 |

GALVESTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2024

Exhibit H-1
Page 7 of 8

| | 460 | 461 | 480 | 482 |
|--------------------------------------------------------------------|------------------------------------|------------------------------|-----------------------------------|---------------------|
| Data Control Codes | Community Youth Development | Campus Activity Funds | Miscellaneous Local Grants | Moody Grants |
| Assets | | | | |
| 1110 | \$ - | \$ 434,150 | \$ - | \$ 926,398 |
| Receivables: | | | | |
| 1240 | - | - | - | - |
| 1260 | - | 92,196 | - | - |
| 1290 | 12,010 | - | 51,809 | - |
| 1310 | - | - | - | - |
| 1000 Total Assets | \$ 12,010 | \$ 526,346 | \$ 51,809 | \$ 926,398 |
| Liabilities, Deferred Inflows, and Fund Balances | | | | |
| Liabilities: | | | | |
| 2110 | \$ - | \$ 76,946 | \$ 3,295 | \$ 73,104 |
| 2160 | - | - | - | - |
| 2170 | 12,006 | - | 37,339 | - |
| 2300 | - | - | - | - |
| 2000 Total Liabilities | 12,006 | 76,946 | 40,634 | 73,104 |
| Fund Balances: | | | | |
| Restricted: | | | | |
| 3450 | 4 | - | 11,175 | 853,294 |
| Committed: | | | | |
| 3545 | - | 449,400 | - | - |
| 3000 Total Fund Balances | 4 | 449,400 | 11,175 | 853,294 |
| 4000 Total Liabilities, Deferred Inflows, and Fund Balances | \$ 12,010 | \$ 526,346 | \$ 51,809 | \$ 926,398 |

GALVESTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2024

Exhibit H-1
Page 8 of 8

| | | 484 | 486 | 499 | |
|---------------------------------------------------------|---------------------------------------------------------------|--------------------------------|--------------------------------------|---------------------------|-----------------------------------|
| Data Control Codes | | Galveston Education Foundation | Miscellaneous Donations Stipulations | Donations No Stipulations | Total Nonmajor Governmental Funds |
| Assets | | | | | |
| 1110 | Cash and cash equivalents | \$ 25,577 | \$ 861,553 | \$ - | \$ 6,407,261 |
| Receivables: | | | | | |
| 1240 | Due from other governments | - | - | - | 3,495,207 |
| 1260 | Due from other funds | - | - | - | 92,196 |
| 1290 | Other receivables | 20,252 | - | - | 115,299 |
| 1310 | Inventories, at cost | - | - | - | 152,976 |
| 1000 | Total Assets | <u>\$ 45,829</u> | <u>\$ 861,553</u> | <u>\$ -</u> | <u>\$ 10,262,939</u> |
| Liabilities, Deferred Inflows, and Fund Balances | | | | | |
| Liabilities: | | | | | |
| 2110 | Accounts payable | \$ 3 | \$ - | \$ - | \$ 328,682 |
| 2160 | Accrued wages payable | - | - | - | 89,431 |
| 2170 | Due to other funds | - | 32,326 | - | 3,386,270 |
| 2300 | Unearned revenues | - | 750,000 | - | 750,350 |
| 2000 | Total Liabilities | <u>3</u> | <u>782,326</u> | <u>-</u> | <u>4,554,733</u> |
| Fund Balances: | | | | | |
| Restricted: | | | | | |
| 3450 | Grant restrictions | 45,826 | 79,227 | - | 5,258,806 |
| Committed: | | | | | |
| 3545 | Other purposes | - | - | - | 449,400 |
| 3000 | Total Fund Balances | <u>45,826</u> | <u>79,227</u> | <u>-</u> | <u>5,708,206</u> |
| 4000 | Total Liabilities, Deferred Inflows, and Fund Balances | <u>\$ 45,829</u> | <u>\$ 861,553</u> | <u>\$ -</u> | <u>\$ 10,262,939</u> |

GALVESTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

Exhibit H-2
Page 1 of 8

| 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 |
| Revenues | | | | | |
| 5700 | Local and intermediate sources | \$ - | \$ - | \$ - | \$ - |
| 5800 | State program revenues | - | - | - | - |
| 5900 | Federal program revenues | 34,517 | 2,723,275 | 1,550,582 | 56,034 |
| 5020 | Total Revenues | <u>34,517</u> | <u>2,723,275</u> | <u>1,550,582</u> | <u>56,034</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| 0011 | Instruction | - | 1,369,353 | 1,286,731 | 56,034 |
| 0012 | Instruction resources and media services | - | - | - | - |
| 0013 | Curriculum and staff development | - | 1,009,542 | 11,077 | - |
| 0021 | Instructional leadership | - | 110,420 | 7,489 | - |
| 0023 | School leadership | - | - | - | - |
| 0031 | Guidance, counseling and evaluation services | - | - | 245,285 | - |
| 0032 | Social work services | - | 61,231 | - | - |
| 0033 | Health services | - | 10,705 | - | - |
| 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 | 34,517 | 162,024 | - | - |
| Capital outlay: | | | | | |
| 0081 | Facilities acquisition and construction | - | - | - | - |
| Intergovernmental: | | | | | |
| 6030 | Total Expenditures | <u>34,517</u> | <u>2,723,275</u> | <u>1,550,582</u> | <u>56,034</u> |
| 1100 | Excess (deficiency) of revenues over (under) expenditures | - | - | - | - |
| Other Financing Sources (Uses) | | | | | |
| 7912 | Sale of real or personal property | - | - | - | - |
| 7915 | Transfers in | - | - | - | - |
| 8911 | Transfers out | - | - | - | - |
| 7080 | Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 | Net change in fund balances | - | - | - | - |
| 0100 | Fund Balance - September 1 (Beginning) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | Prior period adjustment | - | - | - | - |
| 3000 | Fund Balance - August 31 (Ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

GALVESTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

Exhibit H-2
Page 2 of 8

| | 226 | 240 | 242 | 244 |
|----------------------------------------------------------------|-------------------------|---------------------|-----------------------------------|----------------|
| Data Control Codes | IDEA-B Discretionary | Child Nutrition | Summer Food Service Program | Carl Perkins |
| Revenues | | | | |
| 5700 Local and intermediate sources | \$ - | \$ 756,772 | \$ 4,812 | \$ - |
| 5800 State program revenues | - | 21,521 | - | - |
| 5900 Federal program revenues | 105,555 | 5,847,005 | 174,710 | 123,150 |
| 5020 Total Revenues | 105,555 | 6,625,298 | 179,522 | 123,150 |
| Expenditures | | | | |
| Current: | | | | |
| 0011 Instruction | 105,555 | - | - | 123,150 |
| 0012 Instruction resources and media services | - | - | - | - |
| 0013 Curriculum and staff development | - | - | - | - |
| 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 | - | 5,762,649 | 104,789 | - |
| 0036 Extracurricular activities | - | - | - | - |
| 0041 General administration | - | - | - | - |
| 0051 Plant maintenance and operations | - | - | - | - |
| 0052 Security and monitoring services | - | - | - | - |
| 0053 Data processing services | - | - | - | - |
| 0061 Community services | - | - | - | - |
| Capital outlay: | | | | |
| 0081 Facilities acquisition and construction | - | - | - | - |
| Intergovernmental: | | | | |
| 6030 Total Expenditures | 105,555 | 5,762,649 | 104,789 | 123,150 |
| 1100 Excess (deficiency) of revenues over (under) expenditures | - | 862,649 | 74,733 | - |
| Other Financing Sources (Uses) | | | | |
| 7912 Sale of real or personal property | - | 4,273 | - | - |
| 7915 Transfers in | - | - | - | - |
| 8911 Transfers out | - | - | - | - |
| 7080 Total Other Financing Sources (Uses) | - | 4,273 | - | - |
| 1200 Net change in fund balances | - | 866,922 | 74,733 | - |
| 0100 Fund Balance - September 1 (Beginning) | - | 3,256,793 | 70,740 | - |
| Prior period adjustment | - | - | - | - |
| 3000 Fund Balance - August 31 (Ending) | \$ - | \$ 4,123,715 | \$ 145,473 | \$ - |

GALVESTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

Exhibit H-2
Page 3 of 8

| | 255 | 263 | 265 | 278 |
|----------------------------------------------------------------|--------------------------|--------------------------|-----------------------|-----------------------------------------|
| Data Control Codes | Title II, Part A TPTR | Title III, Part A ELA | 21st Century Grant | ARP - Homeless Children and Youth |
| Revenues | | | | |
| 5700 Local and intermediate sources | \$ - | \$ - | \$ - | \$ - |
| 5800 State program revenues | - | - | - | - |
| 5900 Federal program revenues | 420,818 | 153,114 | 1,622,024 | 12,930 |
| 5020 Total Revenues | 420,818 | 153,114 | 1,622,024 | 12,930 |
| Expenditures | | | | |
| Current: | | | | |
| 0011 Instruction | 87,087 | 68,593 | 983,788 | - |
| 0012 Instruction resources and media services | - | - | - | - |
| 0013 Curriculum and staff development | 333,731 | 84,521 | 431,063 | - |
| 0021 Instructional leadership | - | - | 145,750 | - |
| 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 | - | - | 61,423 | 12,930 |
| Capital outlay: | | | | |
| 0081 Facilities acquisition and construction | - | - | - | - |
| Intergovernmental: | | | | |
| 6030 Total Expenditures | 420,818 | 153,114 | 1,622,024 | 12,930 |
| 1100 Excess (deficiency) of revenues over (under) expenditures | - | - | - | - |
| Other Financing Sources (Uses) | | | | |
| 7912 Sale of real or personal property | - | - | - | - |
| 7915 Transfers in | - | - | - | - |
| 8911 Transfers out | - | - | - | - |
| 7080 Total Other Financing Sources (Uses) | - | - | - | - |
| 1200 Net change in fund balances | - | - | - | - |
| 0100 Fund Balance - September 1 (Beginning) | - | - | - | - |
| Prior period adjustment | - | - | - | - |
| 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, 2024

Exhibit H-2
Page 4 of 8

| Data Control Codes | 280 American Rescue Plan (ARP) Act—Homeless II—Education for Homeless | 281 ESSER II | 282 ESSER III | 284 IDEA—Part B, Formula—Ame rican Rescue Plan (ARP) Act |
|---------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|---------------------------------------------------------------------------------|
| Revenues | | | | |
| 5700 | Local and intermediate sources | \$ - | \$ - | \$ - |
| 5800 | State program revenues | - | - | - |
| 5900 | Federal program revenues | 110,977 | 5,065,233 | 134,511 |
| 5020 | Total Revenues | 110,977 | 5,065,233 | 134,511 |
| Expenditures | | | | |
| Current: | | | | |
| 0011 | Instruction | - | 3,486,359 | 134,511 |
| 0012 | Instruction resources and media services | - | 6,078 | - |
| 0013 | Curriculum and staff development | - | 236,573 | - |
| 0021 | Instructional leadership | - | 125,958 | - |
| 0023 | School leadership | - | 296,960 | - |
| 0031 | Guidance, counseling and evaluation services | - | 57,170 | - |
| 0032 | Social work services | - | 227,351 | - |
| 0033 | Health services | - | 14,877 | - |
| 0034 | Student transportation | - | 45,407 | - |
| 0035 | Food service | - | 42,761 | - |
| 0036 | Extracurricular activities | - | 14,342 | - |
| 0041 | General administration | - | 40,388 | - |
| 0051 | Plant maintenance and operations | - | 80,566 | - |
| 0052 | Security and monitoring services | - | 21,395 | - |
| 0053 | Data processing services | - | 312,754 | - |
| 0061 | Community services | 110,977 | 54,811 | - |
| Capital outlay: | | | | |
| 0081 | Facilities acquisition and construction | - | 1,483 | - |
| Intergovernmental: | | | | |
| 6030 | Total Expenditures | 110,977 | 5,065,233 | 134,511 |
| 1100 | Excess (deficiency) of revenues over (under) expenditures | - | - | - |
| Other Financing Sources (Uses) | | | | |
| 7912 | Sale of real or personal property | - | - | - |
| 7915 | Transfers in | - | - | - |
| 8911 | Transfers out | - | - | - |
| 7080 | Total Other Financing Sources (Uses) | - | - | - |
| 1200 | Net change in fund balances | - | - | - |
| 0100 | Fund Balance - September 1 (Beginning) | - | - | - |
| | Prior period adjustment | - | - | - |
| 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, 2024

| | 285 | 288 | 289 | 397 |
|----------------------------------------------------|----------------------------------------------------------------------|--------------------|---------------------------------|---------------------------------------------|
| Data Control Codes | IDEA—Part B, Preschool—American Rescue Plan (ARP) Act | Magnet/Apex | Other Federal Grants | Advanced Placement Incentive |
| Revenues | | | | |
| 5700 | - | - | - | - |
| 5800 | - | - | - | 204 |
| 5900 | 11,464 | 471,683 | 230,183 | - |
| 5020 Total Revenues | 11,464 | 471,683 | 230,183 | 204 |
| Expenditures | | | | |
| Current: | | | | |
| 0011 | 11,464 | 15,452 | 140,332 | 11,135 |
| 0012 | - | - | - | - |
| 0013 | - | 313,115 | 77,618 | - |
| 0021 | - | 141,697 | - | - |
| 0023 | - | - | - | - |
| 0031 | - | - | 7,660 | - |
| 0032 | - | - | - | - |
| 0033 | - | - | - | - |
| 0034 | - | - | - | - |
| 0035 | - | - | - | - |
| 0036 | - | - | - | - |
| 0041 | - | - | - | - |
| 0051 | - | - | - | - |
| 0052 | - | - | - | - |
| 0053 | - | - | - | - |
| 0061 | - | 1,419 | 4,573 | - |
| Capital outlay: | | | | |
| 0081 | - | - | - | - |
| Intergovernmental: | | | | |
| 6030 Total Expenditures | 11,464 | 471,683 | 230,183 | 11,135 |
| 1100 | - | - | - | (10,931) |
| Other Financing Sources (Uses) | | | | |
| 7912 | - | - | - | - |
| 7915 | - | - | - | - |
| 8911 | - | - | - | - |
| 7080 Total Other Financing Sources (Uses) | - | - | - | - |
| 1200 | - | - | - | (10,931) |
| 0100 Fund Balance - September 1 (Beginning) | - | - | - | 10,931 |
| | - | - | - | - |
| 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, 2024

| | 410 | 427 | 429 | 437 |
|----------------------------------------------------|------------------------------------------|----------------------------------------|------------------------------------------|-----------------------------------------|
| Data Control Codes | Instructional Materials Allotment | Peace Officer / CTE Certificate | Other State Special Revenue Funds | SSA - Orientation & Mobility |
| Revenues | | | | |
| 5700 | - | - | - | 136,788 |
| 5800 | 849,945 | 2,604 | 210,456 | - |
| 5900 | - | - | - | - |
| 5020 Total Revenues | 849,945 | 2,604 | 210,456 | 136,788 |
| Expenditures | | | | |
| Current: | | | | |
| 0011 | 849,255 | - | 2,100 | 136,788 |
| 0012 | - | - | 37 | - |
| 0013 | 690 | - | 3,000 | - |
| 0021 | - | - | - | - |
| 0023 | - | - | - | - |
| 0031 | - | - | - | - |
| 0032 | - | - | - | - |
| 0033 | - | - | - | - |
| 0034 | - | - | - | - |
| 0035 | - | - | - | - |
| 0036 | - | - | - | - |
| 0041 | - | - | - | - |
| 0051 | - | - | 311 | - |
| 0052 | - | 2,512 | 206,045 | - |
| 0053 | - | - | - | - |
| 0061 | - | - | - | - |
| Capital outlay: | | | | |
| 0081 | - | - | - | - |
| Intergovernmental: | | | | |
| 6030 Total Expenditures | 849,945 | 2,512 | 211,493 | 136,788 |
| 1100 | - | 92 | (1,037) | - |
| Other Financing Sources (Uses) | | | | |
| 7912 | - | - | - | - |
| 7915 | - | - | - | - |
| 8911 | - | - | - | - |
| 7080 Total Other Financing Sources (Uses) | - | - | - | - |
| 1200 | - | 92 | (1,037) | - |
| 0100 Fund Balance - September 1 (Beginning) | - | - | 1,037 | - |
| Prior period adjustment | - | - | - | - |
| 3000 Fund Balance - August 31 (Ending) | \$ - | \$ 92 | \$ - | \$ - |

GALVESTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

| | 460 | 461 | 480 | 482 | |
|---------------------------------------|-----------------------------------------------------------|------------------------------|-----------------------------------|---------------------|-------------------|
| Data Control Codes | Community Youth Development | Campus Activity Funds | Miscellaneous Local Grants | Moody Grants | |
| Revenues | | | | | |
| 5700 | Local and intermediate sources | \$ 17,742 | \$ 591,671 | \$ 357,330 | \$ 2,308,075 |
| 5800 | State program revenues | - | - | 8,622 | - |
| 5900 | Federal program revenues | - | - | - | - |
| 5020 | Total Revenues | 17,742 | 591,671 | 365,952 | 2,308,075 |
| Expenditures | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 17,738 | 52,689 | 356,719 | 2,389,933 |
| 0012 | Instruction resources and media services | - | 11,613 | - | - |
| 0013 | Curriculum and staff development | - | - | 7,810 | 7,813 |
| 0021 | Instructional leadership | - | - | 588 | 294,789 |
| 0023 | School leadership | - | - | - | - |
| 0031 | Guidance, counseling and evaluation services | - | - | - | 212,468 |
| 0032 | Social work services | - | - | 3,047 | 9,932 |
| 0033 | Health services | - | - | - | 14,520 |
| 0034 | Student transportation | - | - | - | 157,981 |
| 0035 | Food service | - | - | - | - |
| 0036 | Extracurricular activities | - | 499,455 | - | - |
| 0041 | General administration | - | - | - | - |
| 0051 | Plant maintenance and operations | - | 60,110 | 3,531 | 187,505 |
| 0052 | Security and monitoring services | - | - | - | - |
| 0053 | Data processing services | - | - | - | - |
| 0061 | Community services | - | - | 5,377 | 15,000 |
| Capital outlay: | | | | | |
| 0081 | Facilities acquisition and construction | - | - | - | - |
| Intergovernmental: | | | | | |
| 6030 | Total Expenditures | 17,738 | 623,867 | 377,072 | 3,289,941 |
| 1100 | Excess (deficiency) of revenues over (under) expenditures | 4 | (32,196) | (11,120) | (981,866) |
| Other Financing Sources (Uses) | | | | | |
| 7912 | Sale of real or personal property | - | - | - | - |
| 7915 | Transfers in | - | 93,496 | 17,898 | - |
| 8911 | Transfers out | - | - | - | - |
| 7080 | Total Other Financing Sources (Uses) | - | 93,496 | 17,898 | - |
| 1200 | Net change in fund balances | 4 | 61,300 | 6,778 | (981,866) |
| 0100 | Fund Balance - September 1 (Beginning) | - | 388,100 | 4,397 | 1,835,160 |
| | Prior period adjustment | - | - | - | - |
| 3000 | Fund Balance - August 31 (Ending) | \$ 4 | \$ 449,400 | \$ 11,175 | \$ 853,294 |

GALVESTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

Exhibit H-2
Page 8 of 8

| | 484 | 486 | 499 | |
|---------------------------------------|---------------------------------------|---------------------------------------------|----------------------------------|------------------------------------------|
| Data Control Codes | Galveston Education Foundation | Miscellaneous Donations Stipulations | Donations No Stipulations | Total Nonmajor Governmental Funds |
| Revenues | | | | |
| 5700 | \$ 377,127 | \$ 1,400 | \$ - | \$ 4,551,717 |
| 5800 | - | - | - | 1,093,352 |
| 5900 | - | - | - | 18,847,765 |
| 5020 | 377,127 | 1,400 | - | 24,492,834 |
| Expenditures | | | | |
| Current: | | | | |
| 0011 | 213,013 | 39,259 | - | 11,937,038 |
| 0012 | - | - | - | 17,728 |
| 0013 | - | 1,990 | - | 2,518,543 |
| 0021 | 809 | 1,721 | - | 829,221 |
| 0023 | - | - | - | 296,960 |
| 0031 | - | - | - | 522,583 |
| 0032 | - | - | - | 301,561 |
| 0033 | - | - | - | 40,102 |
| 0034 | 2,475 | - | - | 205,863 |
| 0035 | - | - | - | 5,910,199 |
| 0036 | 1,700 | - | - | 515,497 |
| 0041 | 106,265 | - | - | 146,653 |
| 0051 | - | - | - | 332,023 |
| 0052 | - | - | - | 229,952 |
| 0053 | - | - | - | 312,754 |
| 0061 | 14,194 | (1,052) | - | 476,193 |
| Capital outlay: | | | | |
| 0081 | - | - | - | 1,483 |
| Intergovernmental: | | | | |
| 6030 | 338,456 | 41,918 | - | 24,594,353 |
| 1100 | 38,671 | (40,518) | - | (101,519) |
| Other Financing Sources (Uses) | | | | |
| 7912 | - | - | - | 4,273 |
| 7915 | - | - | - | 111,394 |
| 8911 | - | (33,626) | (12,724) | (46,350) |
| 7080 | - | (33,626) | (12,724) | 69,317 |
| 1200 | 38,671 | (74,144) | (12,724) | (32,202) |
| 0100 | 7,155 | 153,371 | 12,724 | 5,740,408 |
| | - | - | - | - |
| 3000 | \$ 45,826 | \$ 79,227 | \$ - | \$ 5,708,206 |



REQUIRED TEA SCHEDULES



GALVESTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2024

Exhibit J-1

| | 1 | 2 | 3 | 10 | 20 | 31 | 32 | 40 | 50 | 99 |
|----------------------------|-------------|--------------|------------------------------------------------------------|--------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|------------------------------------------|-----------------------------------------------------|
| Last Ten Fiscal Years | Tax Rates | | Net Assessed/Appraised Value For School Tax Purposes | Beginning Balance 9/1/23 | Current Year's Total Levy | Maintenance Total Collections | Debt Service Total Collections | Entire Year's Adjustments | Ending Balance 8/31/24 | Total Taxes Refunded Under Section 26.1115(c) |
| | Maintenance | Debt Service | | | | | | | | |
| 2015 and prior | Various | Various | Various | \$ 635,441 | \$ - | \$ 39,729 | \$ 4,365 | \$ (60,177) | \$ 531,170 | |
| 2016 | \$1.0600 | \$0.0950 | \$6,110,222,857 | 132,767 | - | 11,727 | 1,051 | - | 119,989 | |
| 2017 | 1.0600 | 0.0950 | 6,744,449,177 | 166,684 | - | 18,939 | 1,697 | (1) | 146,047 | |
| 2018 | 1.0600 | 0.0950 | 7,099,369,004 | 182,684 | - | 22,296 | 1,999 | (9) | 158,380 | |
| 2019 | 1.0600 | 0.0950 | 7,308,451,169 | 377,620 | - | 27,263 | 2,444 | (251) | 347,662 | |
| 2020 | 0.9900 | 0.0950 | 7,501,810,481 | 416,273 | - | 40,061 | 3,844 | (147) | 372,221 | |
| 2021 | 0.9314 | 0.0950 | 8,369,247,272 | 474,493 | - | 64,976 | 6,627 | 6,018 | 408,908 | |
| 2022 | 0.8820 | 0.0812 | 9,924,685,617 | 782,300 | - | 164,347 | 15,130 | (107,396) | 495,427 | |
| 2023 | 0.8646 | 0.1704 | 11,635,625,217 | 2,333,057 | - | 709,101 | 139,753 | (707,538) | 776,665 | |
| 2024 | 0.0679 | 0.1683 | 12,990,836,526 | - | 110,097,340 | 86,433,613 | 21,417,516 | - | 2,246,211 | |
| 1000 Totals | | | | <u>\$ 5,501,319</u> | <u>\$ 110,097,340</u> | <u>\$ 87,532,052</u> | <u>\$ 21,594,426</u> | <u>\$ (869,501)</u> | 5,602,680 | |
| | | | | | | | | | Penalty and interest receivable on taxes | <u>3,008,026</u> |
| | | | | | | | | | Total taxes receivable per Exhibit C-1 | <u>\$8,610,706</u> |
| 8000 Taxes Refunded | | | | | | | | | | <u>\$ 39,794</u> |
| 9000 Tax Increment | | | | | | <u>\$ -</u> | | | | |

GALVESTON INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION PROGRAM FUND
For the Year Ended August 31, 2024

Exhibit J-2

| Data Control Codes | | Budgeted Amounts | | | Variance with Final Budget - Favorable (Unfavorable) |
|---------------------------------------|-----------------------------------------------------------|---------------------|---------------------|---------------------|---------------------------------------------------------------|
| | | Original | Final | Actual | |
| Revenues | | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ 565,000 | \$ 565,000 | \$ 756,772 | \$ 191,772 |
| 5800 | State program revenues | 20,000 | 20,000 | 21,521 | 1,521 |
| 5900 | Federal program revenues | 4,675,000 | 4,675,000 | 5,847,005 | 1,172,005 |
| 5020 | Total Revenues | <u>5,260,000</u> | <u>5,260,000</u> | <u>6,625,298</u> | <u>1,365,298</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| 0035 | Food service | 5,844,766 | 5,844,766 | 5,762,649 | 82,117 |
| 0051 | Plant maintenance and operations | 60,000 | 60,000 | - | 60,000 |
| 6030 | Total Expenditures | <u>5,904,766</u> | <u>5,904,766</u> | <u>5,762,649</u> | <u>142,117</u> |
| 1100 | Excess (deficiency) of revenues over (under) expenditures | <u>(644,766)</u> | <u>(644,766)</u> | <u>862,649</u> | <u>1,507,415</u> |
| Other Financing Sources (Uses) | | | | | |
| 7912 | Sale of real or personal property | - | - | 4,273 | 4,273 |
| 7080 | Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>4,273</u> | <u>4,273</u> |
| 1200 | Net change in fund balances | (644,766) | (644,766) | 866,922 | 1,511,688 |
| 0100 | Fund Balance - September 1 (Beginning) | <u>3,256,793</u> | <u>3,256,793</u> | <u>3,256,793</u> | <u>3,256,793</u> |
| 3000 | Fund Balance - August 31 (Ending) | <u>\$ 2,612,027</u> | <u>\$ 2,612,027</u> | <u>\$ 4,123,715</u> | <u>\$ 1,511,688</u> |

GALVESTON INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended August 31, 2024

Exhibit J-3

| Data Control Codes | | Budgeted Amounts | | | Variance with Final Budget - Favorable (Unfavorable) |
|---------------------------------------|-----------------------------------------------------------|---------------------|---------------------|---------------------|---------------------------------------------------------------|
| | | Original | Final | Actual | |
| Revenues | | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ 23,115,201 | \$ 23,115,201 | \$ 22,224,989 | \$ (890,212) |
| 5800 | State program revenues | 138,067 | 138,067 | 1,143,585 | 1,005,518 |
| 5020 | Total Revenues | <u>23,253,268</u> | <u>23,253,268</u> | <u>23,368,574</u> | <u>115,306</u> |
| Expenditures | | | | | |
| Debt service: | | | | | |
| 0071 | Principal on long-term debt | 8,315,000 | 8,315,000 | 8,315,000 | - |
| 0072 | Interest on long-term debt | 14,615,234 | 14,615,234 | 14,610,234 | 5,000 |
| 0073 | Bond issuance costs and fees | - | - | 1,950 | (1,950) |
| 6030 | Total Expenditures | <u>22,930,234</u> | <u>22,930,234</u> | <u>22,927,184</u> | <u>3,050</u> |
| 1100 | Excess (deficiency) of revenues over (under) expenditures | 323,034 | 323,034 | 441,390 | 118,356 |
| Other Financing Sources (Uses) | | | | | |
| 7916 | Premium or discount on issuance of bonds | - | - | - | - |
| 7080 | Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 | Net change in fund balances | 323,034 | 323,034 | 441,390 | 118,356 |
| 0100 | Fund Balance - September 1 (Beginning) | <u>6,063,002</u> | <u>6,063,002</u> | <u>6,063,002</u> | <u>6,063,002</u> |
| 3000 | Fund Balance - August 31 (Ending) | <u>\$ 6,386,036</u> | <u>\$ 6,386,036</u> | <u>\$ 6,504,392</u> | <u>\$ 118,356</u> |

GALVESTON INDEPENDENT SCHOOL DISTRICT
COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES
For the Year Ended August 31, 2024

Exhibit J-4

| Data Codes | Section A: Compensatory Education Programs | Responses |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| 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. | \$ 8,273,243 |
| AP4 | List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30) | \$12,445,929 |
| Section B: Bilingual Education Programs | | |
| AP5 | Did your LEA expend any bilingual education program state allotment funds during the LEA’s fiscal year? | Yes |
| AP6 | Does the LEA have written policies and procedures for its bilingual education program? | Yes |
| AP7 | List the total state allotment funds received for bilingual education programs during the LEA’s fiscal year. | \$ 1,105,791 |
| AP8 | List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PIC 25) | \$ 839,300 |

GALVESTON INDEPENDENT SCHOOL DISTRICT
REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
For the Year Ended August 31, 2024

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 to not have made 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 on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).



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

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, 2024, and the related notes to the financial statements, which collectively comprise District’s basic financial statements, and have issued our report thereon dated .

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Houston, Texas
December 18, 2024

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

To the Board of Trustees
Galveston Independent School District

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal 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, 2024. The District’s major federal programs 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 programs for the year ended August 31, 2024.

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 18, 2024



GALVESTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2024

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> |
|------------------------------------------------------------|----------------------------------------|
| Child Nutrition Cluster (ALN 10.553,10.555,10.559, 10.582) | 10.553, 10.555 10.559, 10.582 |
| Nita M. Lowey 21st CCLC | 84.287 |

| | |
|------------------------------------------------------------------------|-----------|
| Dollar Threshold Considered Between Type A and Type B Federal Programs | \$750,000 |
| Auditee qualified as low risk auditee? | Yes |

GALVESTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2024

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, 2024

Exhibit K-1

| Fund Code | (1) Federal Grantor / Pass-Through Grantor / Program Title | (2) ALN | (3) Pass Through Entity Identifying Number | (4) Federal Expenditures |
|------------------------------------------------------------|------------------------------------------------------------------------|------------|--------------------------------------------------|--------------------------------|
| U.S. Department of Agriculture | | | | |
| Passed Through Texas Department of Agriculture: | | | | |
| 240 | Child and Adult Care Food Program | 10.558 | 806780706 | \$ 434,912 |
| 240 | Fresh Fruit & Vegetable Program | 10.582 | 806780706 | 116,159 |
| 240 | National School Lunch Program - USDA Commodities - Non-cash assistance | 10.555 | 806780706 | 397,077 |
| 240 | 2022 Supply Chain Assistance Grant Reallocation Award | 10.555 | 806780706 | 273,996 |
| 242 | Summer Food Service Program for Children | 10.559 | 806780706 | 174,710 |
| Passed Through Texas Education Agency: | | | | |
| 240 | National School Breakfast Program | 10.553 | 71402301 | 1,420,856 |
| 240 | National School Lunch Program | 10.555 | 71302301 | 3,608,869 |
| | Total Child Nutrition Cluster (ALN 10.553, 10.555, 10.559, 10.582) | | | <u>5,991,667</u> |
| Total U.S. Department of Agriculture | | | | <u>6,426,579</u> |
| U.S. Department of Education: | | | | |
| 288 | Magnet Schools Assistance | 84.165A | U165A180033-19 | 22,804 |
| 288 | Magnet Schools Assistance | 84.165A | U165A180033-19 | 458,732 |
| | Total ALN 84.165 | | | <u>481,536</u> |
| Passed Through Texas Education Agency: | | | | |
| 211 | ESEA, Title I, Part A - Improving Basic Programs | 84.010A | 22610141084902 | 42,473 |
| 211 | ESEA, Title I, Part A - Improving Basic Programs | 84.010A | 23610141084902 | 2,536,061 |
| 211 | Title I 1003 School Improvement | 84.010A | 23610101084902 | 27,562 |
| 211 | School Action Fund | 84.010A | 236101627110008 | 245,284 |
| | Total ALN 84.010 | | | <u>2,851,380</u> |
| 224 | IDEA, Part B - Formula | 84.027A | 236600010849026000 | 70,283 |
| 224 | IDEA, Part B - Formula | 84.027A | 246600010849026000 | 1,560,026 |
| 225 | IDEA, Part B - Preschool | 84.173A | 236610010849026000 | 3,033 |
| 225 | IDEA, Part B - Preschool | 84.173A | 246610010849026000 | 55,989 |
| 284 | IDEA, Part B - Formula-ARP | 84.027X | 225350020849025000 | 141,636 |
| 226 | IDEA, Part B - High Cost Fund | 84.027X | 66002406 | 105,555 |
| 289 | SPED Capacity Contracted Svc Grant (Federally Funded) | 84.027 | | 18,725 |
| 285 | IDEA, Part B - Formula-ARP Preschool | 84.173X | 225360020849025000 | 11,464 |
| | Total Special Education Cluster (ALN 84.027, 84.173) | | | <u>1,966,711</u> |
| Passed Through Texas Education Agency: | | | | |
| 244 | 21-22 Perkins V: Strengthening CTE for 21st Century | 84.048A | 24420006084902 | 129,632 |
| 206 | 2022-2023 Texas Education For Homeless Children & Youth | 84.196A | 244600057110039 | 36,347 |
| 265 | Nita M. Lowey 21st CCLC Cycle 10 Year 1 (New Grant Cycle) | 84.287C | 246950337110013 | 1,708,362 |
| | Total ALN 84.287 | | | <u>1,874,341</u> |
| 263 | Title III, Part A - ELA | 84.365A | 24671001084902 | 160,771 |
| | Total ALN 84.365 | | | <u>160,771</u> |
| 255 | Title II, Part A - Supporting Effective Instruction | 84.367A | 24694501084902 | 440,522 |
| | Total ALN 84.367 | | | <u>440,522</u> |
| 289 | LEP Summer School | 84.369A | 69552102 | 7,347 |
| 289 | Title IV, Part A - Subpart 1 21-22 | 84.424A | 24680101084902 | 198,476 |
| 289 | 2024-2025 Stronger Connections Grant | 84.424F | 236811017110038 | 12,881 |
| | Total ALN 84.424 | | | <u>211,357</u> |
| 282 | COVID-19 - ARP Act ESSER III | 84.425U | 21528001084902 | 5,801,193 |
| 280 | COVID-19 - ARP Homeless II | 84.425W | 21533002084902 | 127,808 |
| 278 | COVID-19 - ARP Homeless I-TEHCY Supplemental | 84.425W | 215330017110032 | 14,205 |
| | Total ALN 84.425 | | | <u>5,943,206</u> |
| Total U.S. Department of Education: | | | | <u>13,937,171</u> |
| U.S. Department of Health and Human Services: | | | | |
| Passed Through Texas Education Agency: | | | | |
| 199 | Medicaid Administrative Claiming Program - MAC | 93.778 | HHS000537900172 | 40,406 |
| | Total Medicaid Cluster (ALN 93.778) | | | <u>40,406</u> |
| Total U.S. Department of Health and Human Services: | | | | <u>40,406</u> |
| Total Expenditures of Federal Awards | | | | <u>\$ 20,404,156</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, 2024. 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:

| | |
|-----------------------------------------------------------|-----------------------------|
| Total Expenditures of Federal Awards - Exhibit K-1 | \$ 20,404,156 |
| Medicaid SHARS | 131,027 |
| JROTC | 50,394 |
| Amounts reported on SEFA in previous fiscal year: | |
| Disaster Grants - Public Assistance - Hurricane Ike | 651,374 |
| Total Federal Revenue - Exhibit C-3 | <u><u>\$ 21,236,951</u></u> |

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 | \$ 131,027 |
| JROTC | 50,394 |
| Medicaid Administrative Claiming Program - MAC | 40,406 |
| Amounts reported on SEFA in previous fiscal year: | |
| Disaster Grants - Public Assistance - Hurricane Ike | 651,374 |
| Indirect Costs: | |
| COVID-19 - ARP Act ESSER III | 735,960 |
| COVID-19 - ARP Homeless II | 16,831 |
| COVID-19 - ARP Homeless I-TEHCY Supplemental | 1,275 |
| ESEA, Title I, Part A - Improving Basic Programs | 120,157 |
| IDEA, Part B - Formula | 79,727 |
| IDEA, Part B - Formula-ARP | 7,125 |
| IDEA, Part B - Formula-ARP Preschool | - |
| IDEA, Part B - Preschool | 2,988 |
| Magnet Schools Assistance | 9,853 |
| National School Breakfast Program | 114,374 |
| National School Lunch Program | 290,490 |
| 21-22 Perkins V: Strengthening CTE for 21st Century | 6,482 |
| Nita M. Lowey 21st CCLC Cycle 10 Year 1 (New Grant Cycle) | 86,338 |
| School Action Fund | 6,510 |
| 2022-2023 Texas Education For Homeless Children & Youth | 1,830 |
| Title I 1003 School Improvement | 1,438 |
| Title IV, Part A - Subpart 1 21-22 | 6,598 |
| 2024-2025 Stronger Connections Grant | 648 |
| Title II, Part A - Supporting Effective Instruction | 19,704 |
| Title III, Part A - ELA | 7,657 |
| Total Indirect Costs | <u>1,515,985</u> |
| Total Federal Revenue - Exhibit C-3 | <u><u>\$ 2,389,186</u></u> |

Note 5 – Federal Revenues Previously Reported on the SEFA

The District recognized revenue of \$651,374 during fiscal year 2024 for revenues related to receipt of funds for Disaster Recovery Grants – Public Assistance – Hurricane Ike. These funds were reported on the District’s SEFA at the time the expenditures were incurred immediately following the disaster which occurred in September 2008.

Note 6 – Refund of Grant Proceeds

The District returned \$218,369 in grant funds received prior to fiscal year 2024. The funds were related to Disaster Recovery Grants – Public Assistance – Hurricane Ike. All projects related to this disaster are still not closed out as of August 31, 2024.

GALVESTON INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended August 31, 2024

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, 2024

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