

GIDDINGS INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED AUGUST 31, 2023

GIDDINGS INDEPENDENT SCHOOL DISTRICT
Annual Financial Report for
the Year Ended August 31, 2023

Table of Contents

Exhibit		Page
	CERTIFICATE OF BOARD	1
	FINANCIAL SECTION	
	Independent Auditor's Report	2-5
	Management's Discussion and Analysis.....	6-12
	Basic Financial Statements	
	Government-wide Financial Statements	
A-1	Statement of Net Position.....	13
B-1	Statement of Activities.....	14
	Governmental Fund Financial Statements	
C-1	Balance Sheet.....	15
C-2	Reconciliation for C-1	16
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	17
C-4	Reconciliation for C-3	18
	Fiduciary Fund Financial Statements	
E-1	Statement of Fiduciary Net Position.....	19
E-2	Statement of Changes in Fiduciary Net Position	20
	Notes to the Financial Statements	21-44
	Required Supplementary Information	
G-1	Budgetary Comparison Schedule - General Fund	45
G-2	Schedule of the District's Proportionate Share of the Net Pension Liability - Teachers Retirement System of Texas	46-47
G-3	Schedule of District Contributions for Pensions - Teachers Retirement System of Texas	48-49
G-4	Schedule of the District's Proportionate Share of the Net OPEB Liability - Teachers Retirement System of Texas	50-51
G-5	Schedule of District Contributions for Other Post Employment Benefits (OPEB) - Teachers Retirement System of Texas.....	52-53
	Notes to Required Supplementary Information	54
	Other Supplementary Information	
	Combining Schedules	
H-1	Combining Balance Sheet - Nonmajor Governmental Funds.....	55-58
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	59-62

GIDDINGS INDEPENDENT SCHOOL DISTRICT
Annual Financial Report for
the Year Ended August 31, 2023

Table of Contents

Exhibit		Page
	Required TEA Schedules	
J-1	Schedule of Delinquent Taxes Receivable	63
J-2	Budgetary Comparison Schedule - Child Nutrition Fund	64
J-3	Budgetary Comparison Schedule - Debt Service Fund	65
J-4	Use of Funds Report - State Allotment Programs	66
	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 <u>Government Auditing Standards</u>	67-68
	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Uniform Guidance	69-71
	Schedule of Findings and Questioned Costs	72
	Schedule of Status of Prior Findings	73
	Corrective Action Plan	74
K-1	Schedule of Expenditures of Federal Awards.	75
	Notes to Schedule of Expenditures of Federal Awards	76

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD**

<u>Giddings Independent School District</u>	<u>Lee</u>	<u>144-901</u>
Name of School District	County	County-District Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2023, at a meeting of the Board of Trustees of such school district on the 14th day of December, 2023.



Signature of Board Secretary



Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is(are):
(attach list as necessary)

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FINANCIAL SECTION



Certified Public Accountants

Goff & Herrington, P.C.

P.O. Box 153320 • Lufkin, TX. 75915-3320 • (936) 634-2345 • Fax: (936) 634-2346

A.J. Goff, CPA
Ronnie Herrington, CPA
Daniel Raney, CPA
Laurie Durbin, CPA

Independent Auditor's Report

Members of the Board of Trustees of
Giddings Independent School District
Giddings, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Giddings Independent School District (District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Independent Auditor's Report

Members of the Board of Trustees

December 5, 2023

Page 2

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Independent Auditor's Report

Members of the Board of Trustees

December 5, 2023

Page 3

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 12, budgetary comparison information on page 45, and the Teacher's Retirement System pension and OPEB schedules on pages 46 through 54, 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 accompanying combining schedules, other schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Independent Auditor's Report

Members of the Board of Trustees
December 5, 2023
Page 4

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections 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 5, 2023, 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.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.
Certified Public Accountants

December 5, 2023

GIDDINGS INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Giddings Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2023. Please read this section in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The District's total combined net position was \$16,144,871 as of August 31, 2023.
- ▶ During the year ended August 31, 2023, the District's net position increased by \$2,501,508.
- ▶ The District generated \$26,700,766 in taxes and other revenues from governmental activities.
- ▶ The total cost of the District's programs was \$24,199,258.
- ▶ The general fund reported a total fund balance this year of \$9,524,653, of which \$9,448,335 is unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts - **management's discussion and analysis** (this section), the **basic financial statements**, and **required supplementary information**. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The required supplementary information further explains and supports the information in the financial statements.

Government-wide Financial Statements

The District's annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's finances. Financial reporting at this level uses a perspective similar to that found in the private sector.

The first of these government-wide financial statements is the **Statement of Net Position**. This is the District wide statement of financial position presenting information that includes all of the District's assets, deferred inflows and outflows of resources, and liabilities, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non financial factors such as changes to the District's tax base.

The second government-wide financial statement is the **Statement of Activities**, which reports how the District's net position changed during the current period. All current revenues and expenses are included regardless of when the cash is received or paid.

GIDDINGS INDEPENDENT SCHOOL DISTRICT

The government-wide financial statements of the District include the governmental activities of the District. These are the basic services such as instruction, extracurricular activities, curriculum and staff development, health services, and administration. Property taxes, state aid, and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

- ▶ The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- ▶ The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- ▶ Some funds are required by State law and by bond covenants.
- ▶ The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has two kinds of funds:

Governmental funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long term focus of the government-wide financial statements, we provide additional information on the subsequent page, that explains the relationship (or differences) between them.

Fiduciary funds - The District is the trustee, or fiduciary, for money raised by student activities. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The accompanying notes to the financial statements provide essential information to a full understanding of the government-wide and fund financial statements.

GIDDINGS INDEPENDENT SCHOOL DISTRICT

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was \$16,144,871 as of August 31, 2023. The following table provides a summary of the District's net position.

The District's Net Position

	Governmental Activities		
	2023	2022	% Change
Current and Other Assets	15,015,467	15,091,896	(0.5)%
Capital and Non-Current Assets	39,426,231	38,454,653	2.5%
Total Assets	54,441,698	53,546,549	1.7%
Deferred outflows	4,640,131	2,868,785	61.7%
Total Deferred Outflows of Resources	4,640,131	2,868,785	61.7%
Other Liabilities	1,466,500	1,080,736	35.7%
Long Term Liabilities	35,050,774	35,044,677	0.0%
Total Liabilities	36,517,274	36,125,413	1.1%
Deferred inflows	6,419,684	6,646,558	(3.4)%
Total Deferred Inflows of Resources	6,419,684	6,646,558	(3.4)%
Net Position:			
Net investment in Capital Assets	13,209,623	10,712,778	23.3%
Restricted	3,605,217	3,523,231	2.3%
Unrestricted	(669,969)	(592,646)	(13.0)%
Total Net Position	16,144,871	13,643,363	18.3%

The District's restricted net position of \$3,605,217 consists of \$391,204 restricted for food service, \$19,839 restricted for other state programs, \$115,521 restricted for campus activities, \$2,684,715 restricted for debt service, and \$393,938 restricted for scholarships.

Changes in Net Position. The District's total revenues were \$26,700,766. A significant portion, 29.70 percent, comes from state aid-formula grants. Property taxes represent 50.35 percent of the District's revenue. The rest of the District's revenue comes from federal operating grants, charges for services, investment earnings, and other local sources.

The total cost of all programs and services was \$24,199,258; 62.71 percent of these costs are for instructional and student services.

GIDDINGS INDEPENDENT SCHOOL DISTRICT

Governmental Activities

The following table provides a summary of the District's changes in net position.

Changes in the District's Net Position

	Governmental Activities		
	2023	2022	% Change
Revenues:			
Program Revenues:			
Charges for services	251,205	223,355	12.5%
Operating grants	2,337,488	4,021,215	(41.9)%
General Revenues:			
Property taxes - maintenance and operations	11,074,356	9,471,841	16.9%
Property taxes - interest and sinking	2,370,168	2,178,632	8.8%
State aid - formula	7,929,255	9,418,747	(15.8)%
Investment earnings	290,656	167,986	73.0%
Other general revenues	2,447,638	1,422,469	72.1%
Total revenues	26,700,766	26,904,245	(0.8)%
Expenses:			
Instructional and instructional related	12,605,725	13,240,873	(4.8)%
Instructional and school leadership	1,436,521	1,227,690	17.0%
Counseling, health, and social services	1,016,838	923,851	10.1%
Student transportation	809,990	762,462	6.2%
Food services	1,200,765	1,120,633	7.2%
Cocurricular/extracurricular	1,868,114	1,585,878	17.8%
General administration	882,155	807,931	9.2%
Plant maintenance and security	2,278,940	2,197,300	3.7%
Data processing services	860,685	707,746	21.6%
Debt services	886,597	932,962	(5.0)%
Payments to fiscal agent/intergovernmental charges	352,928	365,782	(3.5)%
Total expenses	24,199,258	23,873,108	1.4%
 Increase in Net Position	 2,501,508	 3,031,137	 (17.5)%
Beginning Net Position	13,643,363	10,612,226	28.6%
Ending Net Position	16,144,871	13,643,363	18.3%

GIDDINGS INDEPENDENT SCHOOL DISTRICT

The District's maintenance and operations property tax rate of \$0.9385, decreased 7.01 percent from last year's rate of \$1.0093. The District's interest and sinking property tax rate of \$0.2000 decreased 13.04 percent from last year's rate of \$0.2300. Total property tax revenue increased 15.40 percent from last year, as property values increased 28.90 percent during that time.

The cost of governmental activities may be summarized as follows:

- ▶ The cost of all governmental activities this year was \$24,199,258.
- ▶ The amount that our taxpayers paid for these activities through property taxes was \$13,444,524.
- ▶ Some of the cost was paid by those who directly benefitted from the programs (\$251,205), or
- ▶ By operating grants (\$2,337,488).

The following table presents the cost of each of the District's largest functions as well as each functions net cost (total cost less fees generated by activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Net Cost of Selected District Functions

	Total cost of services			Net cost of services		
	2023	2022	% Change	2023	2022	% Change
Instruction	12,134,523	12,726,86	(4.7)%	11,469,234	10,269,003	11.7%
Extracurricular	1,868,114	1,585,878	17.8%	1,736,558	1,585,878	9.5%
Food service	1,200,765	1,120,633	7.2%	30,056	(67,948)	144.2%
School leadership	1,137,176	959,664	18.5%	1,134,938	953,150	19.1%
Maintenance & operations	2,161,932	2,094,912	3.2%	2,161,932	2,094,912	3.2%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$26,920,924, a decrease of 4.09 percent from the preceding year. The net decrease is primarily due to decreased state and federal program revenues.

The District's governmental funds ended the year with a reported combined fund balance of \$13,129,870, which is \$791,909 less than last years ending balance of \$13,921,779.

GIDDINGS INDEPENDENT SCHOOL DISTRICT

General Fund Budgetary Highlights

Over the course of the year the District revised the general fund budget as actual results were analyzed. Actual total expenditures were \$1,676,028 below final budget amounts. The most significant positive variances were in the student transportation, facilities acquisitions and construction, and the facilities maintenance and operations functions, as the actual expenditures were less than anticipated.

Revenues were \$345,462 above the final budgeted amount as local and intermediate sources were more than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had invested \$68,300,610 less depreciation of \$29,174,379, in a broad range of capital assets, including land, school buildings, athletic facilities, instructional equipment, and school buses. The following table provides a summary of the District's capital assets.

District's Capital Assets

(Net of depreciation)

	Governmental Activities		% Change
	2023	2022	
Land	1,403,997	1,403,997	0.0%
Buildings & improvements	36,262,862	34,015,366	6.6%
Equipment & vehicles	1,213,667	919,937	31.9%
Right-to-use leased assets	159,937	239,905	(33.3)%
Construction in progress	85,768	1,575,448	(94.6)%
Net capital assets	<u>39,126,231</u>	<u>38,154,653</u>	<u>2.5%</u>

In the current year, the District had significant capital expenditures related to HVAC and roofing projects, renovations to the middle school, the administration building, and the football stadium. The District also purchased two buses and installed a security surveillance system.

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

GIDDINGS INDEPENDENT SCHOOL DISTRICT

Long-term Debt

The following table provides a summary of the District's long-term debt.

	Governmental Activities		% Change
	2023	2022	
General obligation bonds:			
Series 2014	5,895,000	7,220,000	(18.4)%
Series 2015	8,820,000	8,820,000	0.0%
Series 2016	8,660,000	8,660,000	0.0%
Series 2017	1,165,000	1,165,000	0.0%
Lease obligations:			
Copier leases	156,227	226,916	(31.2)%
Total long-term debt	<u>24,696,227</u>	<u>26,091,916</u>	<u>(5.3)%</u>

The District's bonds presently carry a favorable rating of A1 with Moody's Investor Services. More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- ▶ Appraised property values used for the 2024 budget preparation are \$1,271,221,385, which is a 6.50 percent increase from 2023 actuals.
- ▶ The District's average daily attendance is expected to be 1,740, which is a 1.92 percent decrease from last year.

These indicators were taken into account when adopting the general fund budget for 2024. Amounts available for expenditure in the general fund budget are \$20,256,875, a 0.39 percent increase from the final 2023 budget of \$20,178,431. The District will use these revenues to finance programs we currently offer.

General fund expenditures are budgeted to decrease by 12.21 percent to \$20,256,875. If these estimates are realized, the District's budgetary general fund balance is expected to remain constant in 2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need additional financial information contact the District's Chief Financial Officer.

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Government-Wide Financial Statements

GIDDINGS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	11,892,904
1220	Property taxes receivable - delinquent	1,517,679
1230	Allowance for uncollectible taxes (credit)	(758,840)
1240	Due from other governments	2,287,406
1300	Inventories	76,318
	Capital Assets:	
1510	Land	1,403,997
1520	Buildings, net	36,262,862
1530	Furniture and equipment, net	1,213,667
1551	Right-to-use leased assets, net	159,937
1580	Construction in progress	85,768
1800	Restricted assets	300,000
1000	Total assets	<u>54,441,698</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1702	Deferred charge on refunding	760,082
1705	Deferred outflow related to TRS Pension	2,360,200
1706	Deferred outflow related to TRS OPEB	1,519,849
1700	Total deferred outflows of resources	<u>4,640,131</u>
	LIABILITIES	
2140	Interest payable	39,742
2150	Payroll deductions and withholdings payable	133,941
2160	Accrued wages payable	871,548
2200	Accrued expenditures	64,465
2300	Unearned revenues	356,804
	Long Term Liabilities:	
2501	Due within one year	1,465,528
2502	Due after one year	25,211,162
2540	Net pension liability	5,072,319
2545	Net OPEB liability	3,301,765
2000	Total liabilities	<u>36,517,274</u>
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflow related to TRS Pension	711,175
2606	Deferred inflow related to TRS OPEB	5,708,509
2600	Total deferred inflows of resources	<u>6,419,684</u>
	NET POSITION	
3200	Net investment in capital assets	13,209,623
3820	Restricted for Federal and State programs	411,043
3850	Restricted for debt service	2,684,715
3870	Restricted for campus activities	115,521
3880	Restricted for scholarships	393,938
3900	Unrestricted net position	(669,969)
3000	Total net position	<u><u>16,144,871</u></u>

The accompanying notes are an integral part of this statement

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023**

		Program Revenues			Program Revenues	Net (Expense) Revenue and Changes in Net Position
		3	4	5		
		Operating		Capital		
		Charges for	Grants and	Grants and	Governmental	
Data	Control	Expenses	Services	Contributions	Activities	
Codes						
	Governmental activities:					
11	Instruction	12,134,523	52,600	612,689	-	(11,469,234)
12	Instructional resources and media services	255,174	-	-	-	(255,174)
13	Curriculum and staff development	216,028	-	121,554	-	(94,474)
21	Instructional leadership	299,345	-	-	-	(299,345)
23	School leadership	1,137,176	-	2,238	-	(1,134,938)
31	Guidance, counseling, and evaluation	736,223	-	262,533	-	(473,690)
32	Social work services	68,015	-	76,817	-	8,802
33	Health services	212,600	-	-	-	(212,600)
34	Student transportation	809,990	-	18,028	-	(791,962)
35	Food service	1,200,765	67,049	1,103,660	-	(30,056)
36	Cocurricular/extracurricular activities	1,868,114	131,556	-	-	(1,736,558)
41	General administration	882,155	-	-	-	(882,155)
51	Plant maintenance and operations	2,161,932	-	-	-	(2,161,932)
52	Security and monitoring services	117,008	-	139,969	-	22,961
53	Data processing services	860,685	-	-	-	(860,685)
72	Interest on long-term debt	885,097	-	-	-	(885,097)
73	Bond issuance costs and fees	1,500	-	-	-	(1,500)
99	Other intergovernmental charges	352,928	-	-	-	(352,928)
TP	Total primary government	24,199,258	251,205	2,337,488	-	(21,610,565)
	Data Control	General revenues:				
	Codes	Taxes:				
	MT	Property taxes, levied for general purposes				11,074,356
	DT	Property taxes, levied for debt service				2,370,168
	SF	State aid formula grants				7,929,255
	GC	Grants and contributions, not restricted to specific programs				2,259,868
	IE	Investment earnings				290,656
	MI	Miscellaneous				187,770
	TR	Total general revenues				24,112,073
	CN	Change in net position				2,501,508
	NB	Net position, beginning				13,643,363
	NE	Net position, ending				16,144,871

The accompanying notes are an integral part of this statement

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Governmental Fund Financial Statements

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023**

Data Control Codes	10 General Fund	ESSER III ARP Act	50 Debt Svc. Fund	Other Gov Funds	98 Total Governmental Funds
ASSETS					
1110 Cash and cash equivalents	8,551,423	-	2,713,014	628,467	11,892,904
1220 Property taxes receivable - delinquent	1,223,042	-	294,637	-	1,517,679
1230 Allowance for uncollectible taxes (credit)	(611,521)	-	(147,319)	-	(758,840)
1240 Due from other governments	-	1,684,218	-	603,188	2,287,406
1260 Due from other funds	2,258,707	-	-	-	2,258,707
1300 Inventories	76,318	-	-	-	76,318
1800 Restricted assets	-	-	-	300,000	300,000
1000 Total Assets	<u>11,497,969</u>	<u>1,684,218</u>	<u>2,860,332</u>	<u>1,531,655</u>	<u>17,574,174</u>
LIABILITIES					
2150 Payroll deductions and withholdings	133,941	-	-	-	133,941
2160 Accrued wages payable	838,997	-	-	32,551	871,548
2170 Due to other funds	-	1,684,218	-	574,489	2,258,707
2200 Accrued expenditures	60,352	-	-	4,113	64,465
2300 Unearned revenues	328,505	-	28,299	-	356,804
2000 Total Liabilities	<u>1,361,795</u>	<u>1,684,218</u>	<u>28,299</u>	<u>611,153</u>	<u>3,685,465</u>
DEFERRED INFLOWS OF RESOURCES					
2601 Unavailable revenue - property taxes	611,521	-	147,318	-	758,839
2600 Total Inflows of Resources	<u>611,521</u>	<u>-</u>	<u>147,318</u>	<u>-</u>	<u>758,839</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410 Inventories	76,318	-	-	-	76,318
3425 Endowment principal	-	-	-	300,000	300,000
Restricted Fund Balance:					
3450 Federal or State Programs	-	-	-	411,043	411,043
3480 Retirement of long-term debt	-	-	2,684,715	-	2,684,715
3490 Other restricted fund balance	-	-	-	93,938	93,938
Assigned Fund Balance:					
3590 Other assigned fund balance	-	-	-	115,521	115,521
3600 Unassigned fund balance	9,448,335	-	-	-	9,448,335
3000 Total Fund Balances	<u>9,524,653</u>	<u>-</u>	<u>2,684,715</u>	<u>920,502</u>	<u>13,129,870</u>
4000 Total Liabilities, Deferred Inflows and Fund Balances	<u>11,497,969</u>	<u>1,684,218</u>	<u>2,860,332</u>	<u>1,531,655</u>	<u>17,574,174</u>

The accompanying notes are an integral part of this statement

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2023**

Total fund balances - governmental funds	13,129,870
1 Capital assets used in governmental activities are not financial resources, and therefore; are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$67,172,470 and the accumulated depreciation was \$29,017,817. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore; are not reported as liabilities in the governmental funds. The net effect of including beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	10,712,778
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.	4,872,830
3 The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(2,372,619)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$5,072,319, a deferred resource inflow related to TRS in the amount of \$711,175, and a deferred resource outflow related to TRS in the amount of \$2,360,200. This amounted to a decrease in net position in the amount of \$3,423,294.	(3,423,294)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$3,301,765, a deferred resource inflow related to TRS in the amount of \$5,708,509, and a deferred resource outflow related to TRS in the amount of \$1,519,849. This amounted to a decrease in net position in the amount of \$7,490,425.	(7,490,425)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	715,731
19 Net Position of governmental activities	<u><u>16,144,871</u></u>

The accompanying notes are an integral part of this statement

GIDDINGS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		10 General Fund	ESSER III ARP Act	50 Debt Svc. Fund	Other Gov Funds	Total Governmental Funds
REVENUES						
5700	Total local and intermediate sources	11,301,925	-	2,383,101	162,779	13,847,805
5800	State program revenues	8,850,317	-	86,673	157,591	9,094,581
5900	Federal program revenues	371,651	1,599,597	-	2,007,290	3,978,538
5020	Total revenues	20,523,893	1,599,597	2,469,774	2,327,660	26,920,924
EXPENDITURES						
0011	Instruction	11,226,301	80,446	-	543,684	11,850,431
0012	Instructional resources and media services	215,505	-	-	-	215,505
0013	Curriculum and staff development	103,408	-	-	121,554	224,962
0021	Instructional leadership	318,703	-	-	-	318,703
0023	School leadership	1,033,623	-	-	2,239	1,035,862
0031	Guidance, counseling, and evaluation services	493,022	-	-	262,533	755,555
0032	Social work services	420	74,132	-	2,685	77,237
0033	Health services	174,770	-	-	-	174,770
0034	Student transportation	978,939	18,028	-	-	996,967
0035	Food service	-	-	-	1,206,299	1,206,299
0036	Cocurricular/extracurricular activities	1,224,257	-	-	102,270	1,326,527
0041	General administration	824,556	-	-	-	824,556
0051	Plant maintenance and operations	2,111,950	-	-	-	2,111,950
0052	Security and monitoring services	80,827	-	-	139,969	220,796
0053	Data processing services	767,963	-	-	-	767,963
0071	Principal on long-term debt	77,606	-	1,325,000	-	1,402,606
0072	Interest on long-term debt	3,024	-	1,008,100	-	1,011,124
0073	Bond issuance costs and fees	-	-	1,500	-	1,500
0081	Facilities acquisition and construction	1,409,601	1,426,991	-	-	2,836,592
0099	Other governmental charges	352,928	-	-	-	352,928
6030	Total expenditures	21,397,403	1,599,597	2,334,600	2,381,233	27,712,833
1100	Excess (deficiency) of revenues over expenditures	(873,510)	-	135,174	(53,573)	(791,909)
OTHER FINANCING SOURCES (USES)						
7915	Transfers in	-	-	-	385	385
8911	Transfers out	(385)	-	-	-	(385)
7080	Total other financing sources and uses	(385)	-	-	385	-
1200	Net change in fund balances	(873,895)	-	135,174	(53,188)	(791,909)
0100	Fund balance - September 1 (beginning)	10,398,548	-	2,549,541	973,690	13,921,779
3000	Fund balance - August 31 (ending)	9,524,653	-	2,684,715	920,502	13,129,870

The accompanying notes are an integral part of this statement

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023**

Net change in fund balances - governmental funds	(791,909)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase net position.	4,872,830
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(2,372,619)
Current year changes in amounts related to GASB 68 increased revenues in the amount of \$163,204, and increased expenditures in the amount of \$276,146. The net effect on the change in the ending net position was a decrease in the amount of \$112,942.	(112,942)
Current year changes in amounts related to GASB 75 decreased revenues in the amount of \$709,712, and decreased expenditures in the amount of \$1,289,510. The net effect on the change in the ending net position was an increase in the amount of \$579,798.	579,798
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	<u>326,350</u>
Change in net position of governmental activities	<u><u>2,501,508</u></u>

The accompanying notes are an integral part of this statement

Fiduciary Fund Financial Statements

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	<u>177,682</u>
Total Assets	<u><u>177,682</u></u>
NET POSITION	
Restricted for other purposes	<u>177,682</u>
Total Net Position	<u><u>177,682</u></u>

The accompanying notes are an integral part of this statement

GIDDINGS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION AND CASH FLOWS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

	Custodial Funds
ADDITIONS:	
Miscellaneous revenues - student activity	308,474
Earnings from temporary deposits	4,284
Total Additions	<u>312,758</u>
DEDUCTIONS:	
Professional and contracted services	31,045
Supplies and materials	186,269
Other deductions	93,135
Total Deductions	<u>310,449</u>
Change in Net Position	2,309
Total Net Position - September 1 (Beginning)	<u>175,373</u>
Total Net Position - August 31 (Ending)	<u><u>177,682</u></u>

The accompanying notes are an integral part of this statement

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**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

Giddings Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting and financial reporting principles promulgated by the Governmental Accounting Standards Board; and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

The Board is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. The Board has the primary accountability for all fiscal matters. Because of this, the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) in its statement No. 14, "The Financial Reporting Entity," including subsequent revisions. There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities. Individual funds are not displayed but the statements present Governmental Activities which include programs supported by ad valorem taxes, state aid formula grants, and federal grants.

The statement of activities reports the expenses of the District's functions offset by program revenues directly connected with the function. A function is a general operational area in the District that groups together similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the function. Program revenues include: (1) charges for services which report fees and other charges to users of the District's services such as tuition paid by students not residing in the District, athletic gate receipts, and school lunch charges; and (2) operating grants and contributions which finance annual operating activities of the District such as the Elementary and Secondary Education Act. Taxes, state aid formula grants, and other revenue sources not properly included with program revenues are reported as general revenues.

All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/from on the government-wide statement of net position.

GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

Fund Financial Statements

Fund financial statements provide reports on the financial condition and results of operations for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. Interfund activity between governmental funds appear as due to/from on the governmental fund balance sheet and as other resources and other uses on the governmental fund statement of revenues, expenditures and changes in fund balance.

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grant revenues are recognized when allowable expenditures are made under the provisions of the grant.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for unmatured bond principal and interest on long-term debt, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, state aid formula grants, and investment income. In general, other revenues are recognized when cash is received.

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 needed.

The District does not allocate general administration or support services expenses to other functions. Depreciation expense for buildings that house District staff serving different functions is included in the direct expenses of the appropriate functions.

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

D. FUND TYPES AND MAJOR FUNDS

The District accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The District has established several individual funds that are organized within a separate set of self-balancing accounts comprised of assets, liabilities, fund balance, revenues, and expenditures or expenses as appropriate. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. District accounts are organized into funds as described below:

Major Governmental Funds:

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

American Rescue Plan (ARP) - Elementary and Secondary School Emergency Relief (ESSER III), – The District accounts for resources restricted to, or designated for, specific purposes mandated by the Federal Guidelines for ARP ESSER III.

Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt.

Non Major Governmental Funds:

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

Permanent Fund - The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs in a permanent fund.

Other Fund Types:

Custodial Fund - The District accounts for resources held for others in the custodial fund. The District's custodial fund is used to account for the activities of student groups and other organizational activities.

E. OTHER ACCOUNTING POLICIES

Cash and Cash Equivalents - The District considers deposits and highly liquid investments with a maturity date of three months or less and all local government pools to be cash equivalents.

Capital Assets and Depreciation - The District's property, plant, and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with a cost of \$5,000 or more as purchases or construction occurs. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

are not capitalized. Capital assets are depreciated using the straight line method. The District has elected not to report major general infrastructure assets retroactively. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded. Estimated useful lives, in years, for capital assets are as follows:

Buildings	20-40
Improvements (including infrastructure)	15-50
Transportation equipment	5-10
Furniture, fixtures, and equipment	5-10

The governmental fund financial statements recognize capital outlay as an expense of the current period. Proceeds from the sale of capital assets are reported as other financing sources when received.

Long-Term Debt - In the government-wide financial statements, any outstanding debt is reported as liabilities. The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period and principal and interest payments are recognized as an expense of the current period.

Leases - The District is the lessee for noncancelable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Pensions - The fiduciary net position of the Teachers 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 the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (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

GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

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 Balance - Net position in the statement of net position includes components that are restricted for use in a federal or state program or to pay debt service on capital related debt. Unassigned fund balance in the governmental funds financial statement represents that portion of fund balance that is available for budgeting in future periods. The assigned fund balance represents fund balance that has been implicitly assigned as it is accounted for in particular funds, other than the general fund. Restricted fund balance is that portion of fund balance which is not available for appropriation or which has been legally separated for specific purposes. As of August 31, 2023, the Special Revenue Fund restricts \$391,204 for food service, \$19,839 for other state programs, and assigns \$115,521 for campus activity. The Debt Service Fund restricts \$2,684,715 for retirement of debt. The Permanent Fund restricts \$393,938 for scholarships, which is comprised of a nonspendable fund balance of \$300,000 in the form of an endowment, and a remaining restricted fund balance of \$93,938. The General Fund has a nonspendable fund balance of \$76,318 related to supplies inventories.

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

Fund Balance Policy - The District reports fund balances for governmental funds in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or maintained intact; and, therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Board. However, the Board has adopted fund balance policies for the three unrestricted classifications - committed, assigned, and unassigned.

The District's restricted fund balances represent amounts for retirement of long term debt, operation of the food service, and instructional materials programs.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures are charged to restricted balances. When the entity incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to committed, assigned and then unassigned.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

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

Subsequent Events - Management has evaluated subsequent events through December 5, 2023, the date the financial statements were available to be issued.

F. BUDGETARY DATA

The Board of Trustees adopts an annual budget consistent with generally accepted accounting principles for the General Fund, the Food Service Fund (which is included in the Special Revenue Funds), and the Debt Service Fund. The District is required to present the adopted and final budgeted revenues and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules.

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meeting. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end. During the year ended August 31, 2023, the District made significant budget amendments to the facilities acquisitions and construction function that increased overall appropriations over the original budget.
4. Each budget is monitored by the business manager at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments. The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity

GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

allowed based on stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments. In compliance with the Public Funds Investments Act, the District has adopted a deposit and investment policy. The policy addresses the following risks:

Deposits

Custodial Credit Risk - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is that the funds of the District must be deposited under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank 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. The District's cash deposits at August 31, 2023 and during the year ended August 31, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The District was not exposed to custodial credit risk as all deposits were covered by depository insurance or by pledged collateral as follows:

1. Depository: First National Bank, Giddings, TX
2. The market value of securities pledged as of the date of the highest combined balance on deposit was \$19,850,499.
3. The highest combined balances of cash, savings, and time deposit accounts amounted to \$16,742,237 and occurred during the month of March 2023.
4. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

Investments

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The District was not exposed to credit risk at August 31, 2023.

Custodial Credit Risk - Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the District. The

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

District did not have any investments exposed to custodial credit risk at August 31, 2023.

Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District was not exposed to interest rate risk at August 31, 2023.

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the government's investment in a single issuer. The District was not exposed to concentration of credit risk at August 31, 2023.

Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. The District was not exposed to foreign currency risk at August 31, 2023.

B. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND UNAVAILABLE REVENUE

Property Tax Calender, Property Tax Receivables, and Unearned Revenue

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. In the governmental fund financial statements, property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent tax collections are prorated between maintenance and debt service based on rates adopted for year of the levy. Delinquent taxes receivable not paid within 60 days of year end, are recorded as deferred inflows of resources, net of an estimated allowance for uncollectible taxes. Allowances for uncollectible tax receivables are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

In the government-wide financial statements, property taxes receivable, net of an allowance for uncollectible taxes, and related revenue include all amounts due the District regardless of when the cash is received.

Due To/From Other Governments and Unavailable Revenue

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. These amounts are reported in the governmental fund financial statements as Due from Other Governments. Amounts due from federal, state, and other governments as of August 31, 2023 are summarized below:

Fund	State Foundation	Federal Program Grants	State Program Grants	Total
Special Revenue Funds	-	2,147,437	139,969	2,287,406

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

Unearned revenues at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Unearned revenues - Foundation adjustments	328,505	28,299	356,804

Deferred inflows of resources at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Unavailable Revenue - Property Taxes	611,521	147,318	758,839

C. INTERFUND BALANCES AND TRANSFERS

Interfund due to/from balances at August 31, 2023 consisted of the following amounts:

Due from Other Governmental Funds to the General Fund:

Special Revenue Funds	<u>2,258,707</u>
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Interfund transfers for the year ended August 31, 2023 consisted of the following amounts:

Transfer to Other Governmental Funds from General Fund:

Special Revenue Funds	<u>385</u>
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Transfers are used to move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. DISAGGREGATION OF RECEIVABLES

The District disaggregates significant components of receivables in the financial statements. The only receivable not expected to be collected within one year is \$758,840 of delinquent property taxes.

GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

E. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2023 was as follows:

	Beginning		Retirements/	Ending
	Balance	Additions	Adjustments	Balance
Governmental Activities:				
Land	1,403,997	-	-	1,403,997
Buildings and improvements	59,739,594	273,397	1,984,820	61,997,811
Vehicles and equipment	4,133,558	568,073	(208,470)	4,493,161
Right-to-use leased assets	319,873	-	-	319,873
Construction in progress	1,575,448	2,502,727	(3,992,407)	85,768
Totals at cost	67,172,470	3,344,197	(2,216,057)	68,300,610
Less accumulated depreciation:				
Buildings and improvements	25,724,228	2,018,308	(2,007,587)	25,734,949
Vehicles and equipment	3,213,621	274,343	(208,470)	3,279,494
Right-to-use leased assets	79,968	79,968	-	159,936
Total accumulated depreciation	29,017,817	2,372,619	(2,216,057)	29,174,379
Governmental activities capital assets, net	38,154,653	971,578	-	39,126,231

Depreciation was charged to governmental functions as follows:

Instruction & Instructional Resources	979,881
School Leadership, Guidance & Counseling	210,990
Health Services	47,963
Student Transportation	118,886
Food Services	12,913
Cocurricular/Extracurricular	590,435
General Administration & Maintenance	260,823
Security and Data Processing	150,728
Total depreciation expense	<u>2,372,619</u>

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

F. LONG-TERM DEBT

In prior years, the District, as authorized by Texas Education Code Section 45.001 and 45.003, authorized the issuance of Unlimited Tax School Building Bonds for construction of school facilities. Bonds currently outstanding are as follows:

- Series 2014, issued in the original amount of \$8,575,000. Interest rate of 4.00%. The bonds final maturity is February 15, 2027.
- Series 2015, issued in the original amount of \$8,820,000. Interest rate of 4.00%. The bonds final maturity is February 15, 2037.
- Series 2016, issued in the original amount of \$8,660,000. Interest rate of 4.00%. The bonds final maturity is February 15, 2033.
- Series 2017, issued in the original amount of \$5,605,000. Interest rate of 3.00%. The bonds final maturity is February 15, 2028.

The sale of the Series 2014, 2015, 2016, and 2017 bond issues resulted in a premiums received, which are being amortized over the life of the bonds.

During the current fiscal year, the District entered into a lease agreement for several high-capacity copiers. The lease has an interest rate of 6.64%, monthly payments of \$6,969, and a maturity date of August, 2025. The total net book value of the leased copiers at August 31, 2023 was \$159,937, including accumulated depreciation of \$159,937.

Long term liability activity for the year ended August 31, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Governmental Activities:					
Series 2014 refunding bonds	7,220,000	-	1,325,000	5,895,000	1,390,000
Series 2015 refunding bonds	8,820,000	-	-	8,820,000	-
Series 2016 refunding bonds	8,660,000	-	-	8,660,000	-
Series 2017 refunding bonds	1,165,000	-	-	1,165,000	-
Copier leases	226,916	-	70,689	156,227	75,528
Total long term debt	26,091,916	-	1,395,689	24,696,227	1,465,528
Unamortized bond premium	2,234,372	-	253,909	1,980,463	-
Total long term debt	28,326,288	-	1,649,598	26,676,690	1,465,528

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

Annual debt service requirements to maturity for the District's long term debt are as follows:

Year ending August 31,	School Building Bonds		Leases		Total
	Principal	Interest	Principal	Interest	
2024	1,390,000	953,800	75,528	8,102	2,427,430
2025	1,455,000	896,900	80,699	2,932	2,435,531
2026	1,495,000	837,900	-	-	2,332,900
2027	1,555,000	776,800	-	-	2,331,800
2028	1,485,000	716,100	-	-	2,201,100
2029-2033	8,505,000	2,593,300	-	-	11,098,300
2034-2037	8,655,000	701,700	-	-	9,356,700
Totals	24,540,000	7,476,500	156,227	11,034	32,183,761

G. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended August 31, 2023, revenues from local and intermediate sources reported in the governmental funds consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Property Taxes	10,637,599	-	2,274,312	12,911,911
Food Service	-	67,049	-	67,049
Penalties, interest, and other tax	160,960	-	45,303	206,263
Investment activity	215,978	11,192	63,486	290,656
Tuition	52,600	-	-	52,600
Co-curricular student activities	131,556	84,144	-	215,700
Other	103,232	394	-	103,626
Total	11,301,925	162,779	2,383,101	13,847,805

H. PENSION PLAN AND RETIREE HEALTH PLAN

Defined Benefit Pension Plan

Plan Description. The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). 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

GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

institutions in Texas who are employed for one-half or more of the standard workload and who are not exempt under Texas Government Code, Title 8, Section 822.002 are covered by the system.

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

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in above. Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402.

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

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

	<u>2023</u>	<u>2022</u>
Member	8.00%	8.00%
Non-Employer Contribution Rate (State)	8.00%	7.75%
Employers	8.00%	7.75%
 District's Employer Contributions	 \$ 450,644	 \$ 398,686
District's Member Contributions	\$ 1,024,939	\$ 1,001,128
District's NECE On-Behalf Contributions	\$ 850,075	\$ 755,093

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- 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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions. The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate	3.91%*
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Last Year Ending 8/31 in Projection Period	2121
Ad hoc Post Employment Benefit Changes	None

** - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with the 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."*

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 9, 2020.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2022 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2022 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

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 investment 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 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2022 are summarized below:

Asset Class*	Target Allocation**	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-term Portfolio Returns
Global Equity			
U.S.	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity			
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	(6.0)%	3.6%	(0.05)%
Inflation Expectation			2.70%
Volatility Drag****			(0.91)%
Total	100%		8.19%

* Absolute Return includes Credit Sensitive Investments.

**Target allocations are based on the FY2022 model.

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

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

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$7,890,605	\$5,072,319	\$2,787,966

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2023, the District reported a liability of \$5,072,319 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	\$5,072,319
State's proportionate share that is associated with the District	9,606,754
Total	<u><u>\$14,679,073</u></u>

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

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0085439%, compared to 0.0075169% as of August 31, 2021, which is an increase of 13.66%.

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

- The discount rate changed from 7.25 percent as of August 31, 2021 to 7.00 percent as of August 31, 2022.
- The public education employer contribution rate changed from 1.6 percent for fiscal year 2021 to 1.7 percent for fiscal year 2022.

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

For the year ended August 31, 2023, the District recognized pension expense of \$918,297 and revenue of \$755,093 for support provided by the State in the Government-wide Statement of Activities.

At August 31, 2023, 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 economic experience	\$73,548	\$110,586
Changes in actuarial assumptions	945,138	235,555
Difference between projected and actual investment earnings	501,129	-
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	389,741	365,034
Contributions paid to TRS subsequent to the measurement date	450,644	-
Total	<u>\$2,360,200</u>	<u>\$711,175</u>

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

Fiscal year:	Pension Expense Amount
2024	\$746,909
2025	134,020
2026	45,786
2027	603,325
2028	118,985
Thereafter	-

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Other Post -Employment Benefit Plan (OPEB)

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

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

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

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

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public 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. 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. There are no automatic post-employment benefit changes; including automatic COLAs. The premium rates for retirees are reflected in the following table:

TRS-Care Plan Premium Rates Effective January 1, 2022 - December 31, 2022		
	Medicare	Non-Medicare
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

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

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

	2023	2022
Member	0.65%	0.65%
Non-Employer Contribution Rate (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District's Employer Contributions	\$ 116,078	\$ 113,259
District's Member Contributions	\$ 82,761	\$ 80,851
District's NECE On-Behalf Contributions	\$ 157,660	\$ 138,158

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 employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

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

In addition to the pension plan and TRS-Care state contributions on behalf of the District, the District is allocated a portion of the Medicare Part D retiree drug subsidy that TRS-Care receives. The amounts allocated on behalf of the District were \$68,685, \$51,834, and \$52,264 for the years ended August 31, 2023, 2022, and 2021, respectively.

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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

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

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

Additional Actuarial Methods and Assumptions:

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

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

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

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

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

	1% Decrease in Discount Rate (2.91%)	Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District’s proportionate share of the OPEB liability:	\$3,893,042	\$3,301,765	\$2,822,754

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2023, the District reported a liability of \$3,301,765 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 OPEB liability	\$3,301,765
State’s proportionate share that is associated with the District	4,027,634
Total	<u>\$7,329,399</u>

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

At August 31, 2022 the employer’s proportion of the collective Net OPEB Liability was 0.0137895%, compared to 0.0124541% as of August 31, 2021, which is an increase of 10.72%.

Healthcare Cost Trend Rates Sensitivity Analysis - The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	1% Decrease in Health Care Cost Trend Rate	Current Health Care Cost Trend Rate	1% Increase in Health Care Cost Trend Rate
District’s proportionate share of the OPEB liability:	\$2,720,669	\$3,301,765	\$4,055,080

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

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

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

Change 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, 2023, the District recognized an OPEB benefit of \$571,554 and revenue of \$138,158 for support provided by the State.

At August 31, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$183,566	\$2,750,666
Changes in actuarial assumptions	502,924	2,293,870
Difference between projected and actual investment earnings	9,835	-
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	707,446	663,973
Contributions paid to TRS subsequent to the measurement date	116,078	-
Total	<u>\$1,519,849</u>	<u>\$5,708,509</u>

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

Fiscal year:	OPEB Expense Amount
2024	(\$723,783)
2025	(839,825)
2026	(699,810)
2027	(510,251)
2028	(535,512)
Thereafter	(879,479)

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

J. HEALTH CARE COVERAGE

During the year ended August 31, 2023, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$185 per month per employee to the Plan with the State providing an additional \$75. Employees, at their option may authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

K. LITIGATION AND CONTINGENCIES

The District participates in numerous State and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the ability to collect any related receivable at August 31, 2023, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

L. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. There were no significant reductions in insurance coverage during the past fiscal year, and there were no settlements exceeding commercial insurance coverage in any of the past three fiscal years.

Required Supplementary Schedules

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023**

Data Control Codes		Budgeted Amounts		Actual	Variance
				Amounts	With Final
		Original	Final	(Budgetary Basis)	Budget Positive (Negative)
REVENUES:					
5700	Local and intermediate sources	9,435,563	9,510,563	11,301,925	1,791,362
5800	State program revenues	10,267,868	10,267,868	8,850,317	(1,417,551)
5900	Federal program revenues	400,000	400,000	371,651	(28,349)
5020	Total revenues	20,103,431	20,178,431	20,523,893	345,462
EXPENDITURES:					
0011	Instruction	11,172,069	11,281,569	11,226,301	55,268
0012	Instructional resources and media services	224,403	294,903	215,505	79,398
0013	Curriculum and staff development	158,464	233,464	103,408	130,056
0021	Instructional leadership	315,010	390,010	318,703	71,307
0023	School leadership	1,046,265	1,083,265	1,033,623	49,642
0031	Guidance, counseling, and evaluation services	421,593	565,593	493,022	72,571
0032	Social work services	74,369	74,369	420	73,949
0033	Health services	174,893	249,893	174,770	75,123
0034	Student transportation	991,575	1,237,575	978,939	258,636
0036	Cocurricular/extracurricular activities	1,152,143	1,296,143	1,224,257	71,886
0041	General administration	897,941	966,941	824,556	142,385
0051	Plant maintenance and operations	2,261,386	2,336,386	2,111,950	224,436
0052	Security and monitoring services	82,247	132,247	80,827	51,420
0053	Data processing services	776,073	826,073	767,963	58,110
0071	Principal on long-term debt	-	150,000	77,606	72,394
0072	Interest on long-term debt	-	10,000	3,024	6,976
0081	Facilities acquisition and construction	10,000	1,575,000	1,409,601	165,399
0099	Other intergovernmental charges	345,000	370,000	352,928	17,072
6030	Total expenditures	20,103,431	23,073,431	21,397,403	1,676,028
1100	Excess (deficiency) of revenues over expenditures	-	(2,895,000)	(873,510)	2,021,490
OTHER FINANCING SOURCES (USES):					
7915	Transfers in	-	75,000	-	(75,000)
8911	Transfers out	-	(175,000)	(385)	174,615
7080	Total other financing sources (uses)	-	(100,000)	(385)	99,615
1200	Net change in fund balances	-	(2,995,000)	(873,895)	2,121,105
0100	Fund balance - September 1 (beginning)	10,398,548	10,398,548	10,398,548	-
3000	Fund balance - August 31 (ending)	10,398,548	7,403,548	9,524,653	2,121,105

The accompanying notes are an integral part of this statement

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2023**

	FY 2023 <u>Plan Year 2022</u>	FY 2022 <u>Plan Year 2021</u>
District's Proportion of the Net Pension Liability (Asset)	0.0085439%	0.0075169%
District's Proportionate share of the Net Pension Liability (Asset)	\$ 5,072,319	\$ 1,914,277
State's Proportionate share of the Net Pension Liability (Asset) associated with the District	<u>9,606,754</u>	<u>4,332,751</u>
TOTAL	<u>\$ 14,679,073</u>	<u>\$ 6,247,028</u>
 District's Covered Payroll	 \$ 12,514,098	 \$ 11,683,811
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	40.53%	16.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%

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

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

The accompanying notes are an integral part of this statement

<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.0081041%	0.0085082%	0.0078234%	0.0093561%	0.0088190%	0.0095609%	0.0049699%
\$ 4,340,399	\$ 4,422,810	\$ 4,801,567	\$ 2,991,573	\$ 3,332,581	\$ 3,379,651	\$ 1,327,529
<u>9,024,090</u>	<u>8,122,678</u>	<u>9,451,294</u>	<u>5,666,753</u>	<u>7,095,107</u>	<u>6,586,866</u>	<u>6,046,469</u>
<u>\$ 13,364,489</u>	<u>\$ 12,545,488</u>	<u>\$ 14,252,861</u>	<u>\$ 8,658,326</u>	<u>\$ 10,427,688</u>	<u>\$ 9,966,517</u>	<u>\$ 7,373,998</u>
\$ 11,658,472	\$ 10,581,940	\$ 10,753,738	\$ 10,841,236	\$ 10,587,615	\$ 10,434,683	\$ 10,379,429
37.23%	41.80%	44.65%	27.59%	31.48%	32.39%	12.79%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
TEACHERS RETIREMENT SYSTEM
FOR FISCAL YEAR 2023**

	<u>2023</u>	<u>2022</u>
Contractually Required Contribution	\$ 450,644	\$ 398,686
Contribution in Relation to Contractually Required Contribution	<u>(450,644)</u>	<u>(398,686)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 12,811,735	\$ 12,514,098
Contributions as a Percentage of Covered Payroll	3.52%	3.19%

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

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

The accompanying notes are an integral part of this statement

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 318,918	\$ 332,619	\$ 297,147	\$ 291,771	\$ 306,636	\$ 265,731	\$ 272,206
<u>(318,918)</u>	<u>(332,619)</u>	<u>(297,147)</u>	<u>(291,771)</u>	<u>(306,636)</u>	<u>(265,731)</u>	<u>(272,206)</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ 11,683,811	\$ 11,658,472	\$ 10,581,940	\$ 10,753,738	\$ 10,841,236	\$ 10,587,615	\$ 10,434,683
2.73%	2.85%	2.81%	2.71%	2.83%	2.51%	2.61%

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2023**

District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits

District's Proportionate share of the Net Post Employment Benefit Liability (Asset)

State's Proportionate share of the Net Post Employment Benefit Liability (Asset)
associated with the District

TOTAL

District's Covered Payroll

District's Proportionate Share of the Net Pension Liability (Asset)
as a percentage of its Covered Payroll

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability

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

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

The accompanying notes are an integral part of this statement

<u>FY 2023</u> <u>Plan Year 2022</u>	<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.0137895%	0.0124541%	0.0131776%	0.0131888%	0.0136795%	0.0141912%
\$ 3,301,765	\$ 4,804,112	\$ 5,009,402	\$ 6,237,148	\$ 6,830,300	\$ 6,171,203
<u>4,027,634</u>	<u>6,436,440</u>	<u>6,731,436</u>	<u>8,287,773</u>	<u>9,260,314</u>	<u>8,375,312</u>
\$ <u>7,329,399</u>	\$ <u>11,240,552</u>	\$ <u>11,740,838</u>	\$ <u>14,524,921</u>	\$ <u>16,090,614</u>	\$ <u>14,546,515</u>
\$ 12,514,098	\$ 11,683,811	\$ 11,658,472	\$ 10,581,940	\$ 10,753,738	\$ 10,841,236
26.38%	41.12%	42.97%	58.94%	63.52%	56.92%
11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)
TEACHERS RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023**

Contractually Required Contribution

Contribution in Relation to Contractually Required Contribution

Contribution Deficiency (Excess)

District's Covered Payroll

Contributions as a Percentage of Covered Payroll

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

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

The accompanying notes are an integral part of this statement

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 116,078	\$ 113,259	\$ 97,274	\$ 100,137	\$ 93,626	\$ 92,923
<u>(116,078)</u>	<u>(113,259)</u>	<u>(97,274)</u>	<u>(100,137)</u>	<u>(93,626)</u>	<u>(92,923)</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ 12,811,735	\$ 12,514,098	\$ 12,514,098	\$ 11,683,811	\$ 10,581,940	\$ 10,753,738
0.91%	0.91%	0.78%	0.86%	0.88%	0.86%

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**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2023**

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

Changes of Assumptions.

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

- The discount rate changed from 7.25 percent as of August 31, 2021 to 7.00 percent as of August 31, 2022.
- The public education employer contribution rate changed from 1.6 percent for fiscal year 2021 to 1.7 percent for fiscal year 2022.

B. Notes to Schedules for the TRS OPEB Plan

Changes of Benefit terms.

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

Changes of Assumptions.

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

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022.

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Combining Schedules

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2023**

		Special Revenue Funds		
		211	224	225
		ESEA	IDEA	IDEA
		Title I	Part B	Part B
		Part A	Formula	Preschool
Data				
Control				
Codes				
ASSETS				
1110	Cash and temporary investments	-	-	-
1240	Due from other governments	106,176	158,152	1,585
1800	Restricted assets	-	-	-
1000	Total Assets	106,176	158,152	1,585
LIABILITIES				
2160	Accrued wages payable	18,784	5,888	742
2170	Due to other funds	85,118	151,345	751
2200	Accrued expenditures	2,274	919	92
2000	Total Liabilities	106,176	158,152	1,585
FUND BALANCES				
Nonspendable Fund Balance:				
3425	Endowment principal	-	-	-
Restricted Fund Balance:				
3450	Federal or state grant restrictions	-	-	-
3490	Other restricted fund balance	-	-	-
Assigned Fund Balance:				
3590	Other assigned fund balance	-	-	-
3000	Total Fund Balances	-	-	-
4000	Total Liabilities, Deferred Inflows and Fund Balances	106,176	158,152	1,585

Special Revenue Funds							
226 IDEA Part B Discretionary	240 School Lunch & Breakfast Program	242 Summer Feeding Program	255 Title II A, Training/ Recruiting	263 Title III A English Language	280 ESSER III Homeless Children	281 ESSER II CRRSA Act	284 IDEA B Formula ARP Act
-	399,169	-	-	-	-	-	-
-	-	-	21,005	16,033	3,118	34,026	86,063
-	-	-	-	-	-	-	-
-	399,169	-	21,005	16,033	3,118	34,026	86,063
-	7,137	-	-	-	-	-	-
-	-	-	21,005	16,033	3,118	34,026	86,063
-	828	-	-	-	-	-	-
-	7,965	-	21,005	16,033	3,118	34,026	86,063
-	-	-	-	-	-	-	-
-	391,204	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	391,204	-	-	-	-	-	-
-	399,169	-	21,005	16,033	3,118	34,026	86,063

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2023**

		Special Revenue Funds		
		285	289	410
Data		IDEA B	Other	State
Control		Preschool	Federal	Textbook
Codes		ARP Act	Funds	Fund
ASSETS				
1110	Cash and temporary investments	-	-	19,839
1240	Due from other governments	4,568	32,493	-
1800	Restricted assets	-	-	-
1000	Total Assets	4,568	32,493	19,839
LIABILITIES				
2160	Accrued wages payable	-	-	-
2170	Due to other funds	4,568	32,493	-
2200	Accrued expenditures	-	-	-
2000	Total Liabilities	4,568	32,493	-
FUND BALANCES				
Nonspendable Fund Balance:				
3425	Endowment principal	-	-	-
Restricted Fund Balance:				
3450	Federal or state grant restrictions	-	-	19,839
3490	Other restricted fund balance	-	-	-
Assigned Fund Balance:				
3590	Other assigned fund balance	-	-	-
3000	Total Fund Balances	-	-	19,839
4000	Total Liabilities, Deferred Inflows and Fund Balances	4,568	32,493	19,839

Special Revenue Funds				
429 Other State Funds	461 Campus Activity Funds	Total Special Revenue Funds	479 Permanent Fund	Total Nonmajor Governmental Funds
-	115,521	534,529	93,938	628,467
139,969	-	603,188	-	603,188
-	-	-	300,000	300,000
139,969	115,521	1,137,717	393,938	1,531,655
-	-	32,551	-	32,551
139,969	-	574,489	-	574,489
-	-	4,113	-	4,113
139,969	-	611,153	-	611,153
-	-	-	300,000	300,000
-	-	411,043	-	411,043
-	-	-	93,938	93,938
-	115,521	115,521	-	115,521
-	115,521	526,564	393,938	920,502
139,969	115,521	1,137,717	393,938	1,531,655

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST, 2023**

		Special Revenue Funds		
		211	224	225
		ESEA	IDEA	IDEA
		Title I	Part B	Part B
Data		Part A	Formula	Preschool
Control				
Codes				
REVENUES				
5700	Total local and intermediate sources	-	-	-
5800	State program revenues	-	-	-
5900	Federal program revenues	376,705	288,943	6,619
5020	Total Revenues	376,705	288,943	6,619
EXPENDITURES				
0011	Instruction	270,618	25,585	6,619
0013	Curriculum and staff development	106,087	825	-
0023	School leadership	-	-	-
0031	Guidance, counseling, & evaluation	-	262,533	-
0032	Social work services	-	-	-
0035	Food service	-	-	-
0036	Extracurricular activities	-	-	-
0052	Security and monitoring services	-	-	-
6030	Total Expenditures	376,705	288,943	6,619
1100	Excess (Deficiency) of Revenues			
	Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	-
8911	Transfers out	-	-	-
7080	Total other financing sources and uses	-	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balances, beginning	-	-	-
3000	Fund balances, ending	-	-	-

Special Revenue Funds							
226 IDEA Part B Discretionary	240 School Lunch & Breakfast Program	242 Summer Feeding Program	255 Title II A, Training/ Recruiting	263 Title III A English Language	280 ESSER III Homeless Children	281 ESSER II CRRSA Act	284 IDEA B Formula ARP Act
-	67,049	-	-	-	-	-	-
-	5,611	-	-	-	-	-	-
-	1,083,802	14,245	44,810	16,033	3,118	47,013	86,063
-	1,156,462	14,245	44,810	16,033	3,118	47,013	86,063
-	-	-	30,929	15,778	433	47,013	83,318
-	-	-	11,642	255	-	-	2,745
-	-	-	2,239	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,685	-	-
-	1,192,054	14,245	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,192,054	14,245	44,810	16,033	3,118	47,013	86,063
-	(35,592)	-	-	-	-	-	-
-	385	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	385	-	-	-	-	-	-
-	(35,207)	-	-	-	-	-	-
-	426,411	-	-	-	-	-	-
-	391,204	-	-	-	-	-	-

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST, 2023**

Data Control Codes	Special Revenue Funds		
	285	289	410
	IDEA B	Other	State
	Preschool ARP Act	Federal Funds	Textbook Fund
REVENUES			
5700	Total local and intermediate sources	-	-
5800	State program revenues	-	12,011
5900	Federal program revenues	4,568	-
5020	Total Revenues	4,568	12,011
EXPENDITURES			
0011	Instruction	4,568	23,167
0013	Curriculum and staff development	-	-
0023	School leadership	-	-
0031	Guidance, counseling, & evaluation	-	-
0032	Social work services	-	-
0035	Food service	-	-
0036	Extracurricular activities	-	-
0052	Security and monitoring services	-	-
6030	Total Expenditures	4,568	23,167
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(11,156)
OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources and uses	-	-
1200	Net change in fund balances	-	(11,156)
0100	Fund balances, beginning	-	30,995
3000	Fund balances, ending	-	19,839

Special Revenue Funds				
429 Other State Funds	461 Campus Activity Funds	Total Special Revenue Funds	479 Permanent Fund	Total Nonmajor Governmental Funds
-	86,902	153,951	8,828	162,779
139,969	-	157,591	-	157,591
-	-	2,007,290	-	2,007,290
139,969	86,902	2,318,832	8,828	2,327,660
-	-	543,684	-	543,684
-	-	121,554	-	121,554
-	-	2,239	-	2,239
-	-	262,533	-	262,533
-	-	2,685	-	2,685
-	-	1,206,299	-	1,206,299
-	94,270	94,270	8,000	102,270
139,969	-	139,969	-	139,969
139,969	94,270	2,373,233	8,000	2,381,233
-	(7,368)	(54,401)	828	(53,573)
-	-	385	-	385
-	-	-	-	-
-	-	385	-	385
-	(7,368)	(54,016)	828	(53,188)
-	122,889	580,580	393,110	973,690
-	115,521	526,564	393,938	920,502

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Required TEA Schedules

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
AUGUST 31, 2023**

	1	2	3	10	20	31	32	40	50
Last Ten Years Ended August 31,	Tax Rates		Assessed or	Beginning	Current			Entire	Ending
	Maint- enance	Debt Service	Appraised Valuation	Balance September 1	Year's Total Levy	Maintenance Collections	Debt Service Collections	Year's Adjustments	Balance August 31
2014 & Prior	Various	Various	-	193,838		14,679	5,213	(164)	173,782
2015	1.04000	0.36000	794,047,262	35,881		5,115	1,817	-	28,949
2016	1.10000	0.30000	765,448,929	42,452		7,273	2,470	(276)	32,433
2017	1.10000	0.30000	720,651,929	47,892		8,132	2,178	(605)	36,977
2018	1.10000	0.30000	786,307,920	54,790		9,104	2,483	(688)	42,515
2019	1.10000	0.30000	763,464,786	72,774		15,002	4,091	(749)	52,932
2020	1.02300	0.27673	877,917,900	85,062		21,748	5,358	(179)	57,777
2021	1.00930	0.26710	918,643,457	115,589		25,534	6,020	(5,526)	78,509
2022	1.00930	0.23000	925,964,374	216,701		68,743	15,110	(16,427)	116,421
2023 (Current)	0.93850	0.20000	1,193,607,806	-	13,589,225	10,462,269	2,229,572	-	897,384
1000	Totals			864,979	13,589,225	10,637,599	2,274,312	(24,614)	1,517,679
8000	Total Taxes Refunded Under Section 26.115, Tax Code					7,035			

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION FUND
FOR THE YEAR ENDED AUGUST 31, 2023**

Data Control Codes		Budgeted Amounts		Actual	Variance
				Amounts	With Final
		Original	Final	(Budgetary Basis)	Budget Positive (Negative)
	REVENUES:				
5700	Local and intermediate sources	267,765	267,765	67,049	(200,716)
5800	State program revenues	5,223	5,223	5,611	388
5900	Federal program revenues	1,284,885	1,284,885	1,083,802	(201,083)
5020	Total revenues	1,557,873	1,557,873	1,156,462	(401,411)
	EXPENDITURES:				
0035	Food service	1,382,942	1,447,942	1,192,054	255,888
6030	Total expenditures	1,382,942	1,447,942	1,192,054	255,888
1100	Excess (deficiency) of revenues over expenditures	174,931	109,931	(35,592)	(145,523)
	OTHER FINANCING SOURCES (USES):				
7915	Transfers in	-	5,000	385	(4,615)
8911	Transfers out	-	-	-	-
7080	Total other financing sources (uses)	-	5,000	385	(4,615)
1200	Net change in fund balances	174,931	114,931	(35,207)	(150,138)
0100	Fund balance - September 1 (beginning)	426,411	426,411	426,411	-
3000	Fund balance - August 31 (ending)	601,342	541,342	391,204	(150,138)

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2023**

Data Control Codes		Budgeted Amounts		Actual	Variance
		Original	Final	(Budgetary Basis)	With Final Budget Positive (Negative)
	REVENUES:				
5700	Local and intermediate sources	2,041,678	2,041,678	2,383,101	341,423
5800	State program revenues	-	-	86,673	86,673
5020	Total revenues	2,041,678	2,041,678	2,469,774	428,096
	EXPENDITURES:				
0071	Debt service - principal on long-term debt	1,325,000	1,325,000	1,325,000	-
0072	Debt service - interest on long-term debt	1,008,100	1,008,100	1,008,100	-
0073	Debt service - bond issuance costs and fees	2,500	52,500	1,500	51,000
6030	Total expenditures	2,335,600	2,385,600	2,334,600	51,000
1100	Excess (deficiency) of revenues over expenditures	(293,922)	(343,922)	135,174	479,096
	OTHER FINANCING SOURCES (USES):				
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	(293,922)	(343,922)	135,174	479,096
0100	Fund balance - September 1 (beginning)	2,549,541	2,549,541	2,549,541	-
3000	Fund balance - August 31 (ending)	2,255,619	2,205,619	2,684,715	479,096

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED AUGUST 31, 2023**

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	<u>Yes</u>
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	<u>Yes</u>
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	<u>\$ 1,765,533</u>
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	<u>\$ 825,611</u>

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the district's fiscal year?	<u>Yes</u>
AP6	Does the LEA have written policies and procedures for its bilingual education program?	<u>Yes</u>
AP7	List the total state allotment funds received for bilingual education programs during the district's fiscal year.	<u>\$ 140,656</u>
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	<u>\$ 86,135</u>

FEDERAL AWARDS SECTION



Goff & Herrington, P.C.

P. O. Box 153320 • Lufkin, TX. 75915-3320 • (936) 634-2345 • Fax: (936) 622-6823

A.J. Goff, CPA
Ronnie Herrington, CPA
Daniel Raney, CPA
Laurie Durbin, CPA

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

Members of the Board of Trustees of
Giddings Independent School District
Giddings, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Giddings Independent School District (District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2023.

Internal Control Over Financial Reporting

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

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

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

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

Members of the Board of Trustees

December 5, 2023

Page 2

Compliance and Other Matters

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

Purpose of this Report

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

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.

Certified Public Accountants

December 5, 2023



G o f f & H e r r i n g t o n , P . C .

P.O. Box 153320 • Lufkin, TX. 75915-3320 • (936) 634-2345 • Fax:(936) 622-6823

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

Members of the Board of Trustees of
Giddings Independent School District
Giddings, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Giddings Independent School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

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

Members of the Board of Trustees

December 5, 2023

Page 2

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Members of the Board of Trustees
December 5, 2023
Page 3

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.

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.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.
Certified Public Accountants

December 5, 2023

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023**

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	___yes <u>X</u> no
Significant Deficiencies identified that are not considered to be material weaknesses?	___yes <u>X</u> no
Noncompliance material to financial statements noted?	___yes <u>X</u> no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	___yes <u>X</u> no
Significant Deficiencies identified that are not considered to be material weaknesses?	___yes <u>X</u> no

Type of auditor's report on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___yes <u>X</u> no

Identification of Major Programs

Fed. Asst. Listing No. 84.425D & 84.425U	Education Stabilization Fund (ESF)
Fed. Asst. Listing No. 84.027A/X & 84.173A/X	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
--	-----------

Auditee qualified as a low risk auditee?	<u>X</u> yes ___no
--	-----------------------

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023**

There were no findings reported for the prior year.

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023**

None required.

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023**

(1) Federal Grantor/ Pass-Through Grantor/ Program title	(2) Federal Assistance Listing Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. Department of Education			
<i>Passed through Texas Education Agency:</i>			
ESEA Title I, Part A	84.010A	23610101144901	376,705
IDEA Part B - Formula	84.027A	236600011449016000	288,943
IDEA Part B - Preschool	84.173A	236610011449016000	6,619
COVID 19 - ARP - IDEA Part B - Formula	84.027X	226600121449016000	86,063
COVID 19 - ARP - IDEA Part B - Preschool	84.173X	225350011449015000	4,568
Special Education Cluster (IDEA)			<u>386,193</u>
COVID - 19 - ARP - Education for Homeless Children	84.425W	21533002144901	3,118
COVID - 19 - CRRSA - Elementary and Secondary School Relief (ESSERII) Fund	84.425D	21521001144901	47,013
COVID 19 - ARP - Elementary and Secondary School Relief (ESSERII) Fund	84.425U	21528001144901	1,599,597
Education Stabilization Fund Cluster (ESF)			<u>1,649,728</u>
ESEA Title II, Part A - Teacher/Principal Training	84.367A	23694501144901	44,810
Title III, Part A - English Language Acquisition	84.365A	23671001144901	16,033
Title IV, Part A, Subpart 1	84.424A	23680101144901	35,371
Passed through Texas Education Agency			<u>2,508,840</u>
Total Department of Education			<u>2,508,840</u>
U.S. Department of Agriculture			
<i>Passed through Texas Education Agency:</i>			
School Breakfast Program	10.553	71402301	196,770
School Lunch Program	10.555	71302301	803,767
Commodities	10.555	210002A	97,510
Child Nutrition Cluster (CNC)			<u>1,098,047</u>
Total Department of Agriculture			<u>1,098,047</u>
Total Expenditures of Federal Awards			<u><u>3,606,887</u></u>

See accompanying notes to the schedule of expenditures of federal awards

**GIDDINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2023**

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2023. The information on this Schedule is prepared in accordance with the 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). 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 assets, or cash flows of the District.

Summary of Significant Accounting Policies:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current-financial-resources measurement focus. All federal grant funds are accounted for in the Special Revenue Fund, a component of the governmental funds. 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.

The modified-accrual basis of accounting is used for the governmental funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (measurable and available) and expenditures in the accounting period in which the fund liability is incurred, except that principal and interest on general long-term debt are recognized when due. Federal grant funds are considered to be earned when all eligibility requirements have been met. Any excess of revenues or expenditures is recorded as unearned revenues or accounts receivable, respectively.

The disbursement of funds received under federal grant programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. In the opinion of management, such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types or on the overall financial position of the District at August 31, 2023.

Indirect Cost Rate:

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Reconcile to Exhibit C-3:

Federal revenues in the accompanying financial statements include federal source revenues which are not considered federal assistance for purposes of the Schedule of Expenditures of Federal Awards. A reconciliation follows:

Total Federal Expenditure, Exhibit K-1	\$3,606,887
School Health and Related Services (SHARS)	<u>371,651</u>
Total Federal Revenues, Exhibit C-3	<u><u>\$3,978,538</u></u>