

**GLADEWATER INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

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CERTIFICATE OF BOARD

Gladewater Independent School District
Name of School District

Gregg
County

092-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended June 30, 2021 at a meeting of the Board of Trustees of such school district on the _____ of November 2021.

Signature of Board Secretary

Signature of Board President

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



WILF & HENDERSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

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

Independent Auditors' Report

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

Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the business-type activities and the aggregate remaining fund information of Gladewater Independent School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

1810 Galleria Oaks • Texarkana, Texas 75503 • 903.793.5646 • Fax 903.792.7630 • www.wilhen.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gladewater Independent School District as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, budgetary comparison information on page 54, schedule of the District's proportionate share of the net pension liability (TRS) on pages 55-56, schedule of District contributions to TRS on pages 57-58, schedule of the District's proportionate share of the OPEB liability (TRS) on page 59, and schedule of District contributions to TRS OPEB plan on page 60 to be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gladewater Independent School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-4 and L-1. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, on our consideration of the Gladewater Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gladewater Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Gladewater Independent School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Wilf & Henderson, P.C.".

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

November 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Gladewater Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2021. Please read it in conjunction with the independent auditors' report and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

The District's net position decreased by (\$480,651) as a result of this year's operations. Program revenues accounted for \$3,411,280 or 14.71% of total revenue, and general revenues accounted for \$19,786,774 or 85.29%.

During the year, the District had expenses that totaled \$23,678,705 (before special items).

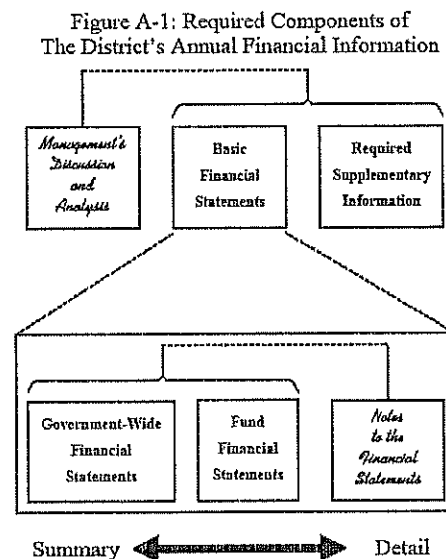
On Exhibit C-1, the general fund reported a positive fund balance of \$9,285,048.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

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



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

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations. Its primary purpose is to show whether the District is better off or worse off as a result of the years

activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

Figure A-2: Major Features of the District's Government-Wide and Fund Financial Statements				
Type of Statements	Government-Wide	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's Governmental (except Fiduciary Funds) and the Agency's Component Units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses: such as self-insurance	Instances in which the District is the trustee or agent for someone else's resources
Required Financial Statements	*Statement of Net Position	*Balance Sheet	*Statement of Net Position	*Statement of Fiduciary Net Position
	*Statement of Activities	*Statement of revenues, expenditures and changes in fund balances	*Statement of revenues, expenditures and changes in fund balances	*Statement of Changes in Fiduciary Net Position
Accounting Basis And Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	All assets and liabilities, both financial and capital, short-term and long-term	Accrual accounting and economic resources focus.
Type of Asset/Liability Information	All asset and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term, the Agency's funds do not currently contain capital assets, but they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

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

The net position of the District's governmental activities decreased from \$7,205,666 to \$6,725,015. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – totaled (\$1,395,332) at June 30, 2021 as a result of the TRS pension and OPEB liabilities.

Table I
Gladewater Independent School District
NET POSITION

	Governmental Activities 2021	Governmental Activities 2020	Total % Change
Current and other assets	\$ 15,238,106	\$ 14,747,086	3.33%
Capital assets	36,392,323	37,692,060	-3.45%
Total Assets	<u>51,630,429</u>	<u>52,439,146</u>	<u>-1.54%</u>
Deferred outflows of resources	<u>4,938,708</u>	<u>2,990,116</u>	<u>65.17%</u>
Other liabilities	2,022,243	2,855,571	-29.18%
Long term liabilities	33,764,177	30,933,549	9.15%
TRS net pension liability	4,227,183	4,499,371	-6.05%
TRS net OPEB liability	5,090,626	6,252,608	-18.58%
Total Liabilities	<u>45,104,229</u>	<u>44,541,099</u>	<u>1.26%</u>
Deferred inflow of resources	<u>4,739,893</u>	<u>3,682,497</u>	<u>28.71%</u>
Net investment in capital assets	5,160,485	5,983,599	-13.76%
Restricted	2,959,862	2,116,381	39.85%
Unrestricted	(1,395,332)	(894,314)	-56.02%
Total Net Position	<u>\$ 6,725,015</u>	<u>\$ 7,205,666</u>	<u>-6.67%</u>

Table II
Gladewater Independent School District
CHANGES IN NET POSITION

	Governmental Activities 2021	Governmental Activities 2020	Total % Change
Revenues:			
Program Revenues:			
Charges for services	\$ 268,813	\$ 303,471	-11.42%
Operating grants and contributions	3,142,467	3,408,590	-7.81%
General Revenues:			
Maintenance and operations taxes	5,752,650	5,458,294	5.39%
Debt service taxes	2,023,893	1,923,680	5.21%
Grants and contributions	11,643,531	12,670,694	-8.11%
Investment earnings	10,668	159,464	-93.31%
Miscellaneous and other	467,626	464,038	0.77%
Loss on Sale of Capital Assets	(111,594)	-	-100.00%
Total Revenues	<u>23,198,054</u>	<u>24,388,231</u>	<u>-4.88%</u>
Expenses:			
Instruction, curriculum and media services	12,189,505	12,910,828	-5.59%
Instructional and school leadership	1,460,685	1,534,404	-4.80%
Student support services	1,768,349	1,596,628	10.76%
Food Services	919,580	1,101,706	-16.53%
Extracurricular activities	947,293	964,366	-1.77%
General administration	918,355	852,590	7.71%
Facilities maintenance and data processing	2,888,957	2,909,392	-0.70%
Security and monitoring services	734,723	153,461	378.77%
Community services	-	109	-100.00%
Debt service	840,205	1,147,618	-26.79%
Payments to fiscal agent	888,937	498,448	78.34%
Other intergovernmental charges	122,116	106,861	14.28%
Total Expenses	<u>23,678,705</u>	<u>23,776,411</u>	<u>-0.41%</u>
Increase (Decrease) in Net Position	(480,651)	611,820	-178.56%
Net Position - Beginning of Year	<u>7,205,666</u>	<u>6,593,846</u>	<u>9.28%</u>
Net Position - End of Year	<u>\$ 6,725,015</u>	<u>\$ 7,205,666</u>	<u>-6.67%</u>

During the year ended June 30, 2021, the District's total revenues decreased by (-4.88%). The total cost of all programs and services decreased by (-0.41%).

The cost of all governmental activities this year was \$23,678,705. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$7,776,543 because some of the costs were paid by those who directly benefited from the programs \$268,813 or by other governments and organizations that subsidized certain programs with grants and contributions \$3,142,467 or by unrestricted grants, state funding, other revenue or usage of fund balance \$12,010,231.

THE DISTRICT'S FUNDS

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

Table III
Gladewater Independent School District
NET CHANGES IN FUND BALANCES

	Governmental Funds 2021	Governmental Funds 2020	Total \$ Change	Total % Change
Revenues:				
Local and Intermediate Sources	\$ 8,460,630	\$ 8,163,378	\$ 297,252	3.6%
State Program Revenues	12,593,018	13,839,920	(1,246,902)	-9.0%
Federal Program Revenues	1,977,672	1,565,439	412,233	26.3%
Total Revenues	<u>23,031,320</u>	<u>23,568,737</u>	<u>(537,417)</u>	<u>-2.3%</u>
Expenditures:				
Instruction	10,460,414	10,302,167	158,247	1.5%
Instructional resources & media services	283,231	265,360	17,871	6.7%
Curriculum and Instructional Staff Development	199,583	378,145	(178,562)	-47.2%
School and Instructional Leadership	1,310,397	1,305,365	5,032	0.4%
Guidance, counseling & evaluation services	359,966	326,983	32,983	10.1%
Social Work services	-	10,000	(10,000)	-100.0%
Health services	244,012	261,341	(17,329)	-6.6%
Student (pupil) transportation	1,320,663	779,249	541,414	69.5%
Food service	832,742	955,500	(122,758)	-12.8%
Extracurricular activities	863,559	838,891	24,668	2.9%
General administration	816,485	734,067	82,418	11.2%
Facilities maintenance & operations	2,741,554	2,311,420	430,134	18.6%
Security & monitoring services	132,312	140,557	(8,245)	-5.9%
Data processing services	535,818	350,849	184,969	52.7%
Community Services	-	100	(100)	-100.0%
Debt service	1,849,211	1,982,321	(133,110)	-6.71%
Capital outlay	174,375	930,495	(756,120)	-81.26%
Payments to Fiscal Agent/Member Districts of SSA	888,937	498,440	390,497	78.34%
Other intergovernmental charges	122,116	106,869	15,247	14.3%
Total Expenditures	<u>23,135,375</u>	<u>22,478,119</u>	<u>657,256</u>	<u>2.9%</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(104,055)	1,090,618	(1,194,673)	-109.5%
Other Financing Sources (Uses)	<u>400,086</u>	<u>-</u>	<u>400,086</u>	<u>0.0%</u>
Net Change in Fund Balances	<u>296,031</u>	<u>1,090,618</u>	<u>(794,587)</u>	<u>-72.9%</u>
Fund Balance - Beginning of Year	12,114,894	11,024,277	1,090,617	9.9%
Fund Balance - End of Year	<u>\$ 12,410,925</u>	<u>\$ 12,114,895</u>	<u>\$ 296,030</u>	<u>2.4%</u>

As the District completed the year, its governmental funds reported a combined fund balance of \$12,410,925 (of which \$9,285,048 was in the General Fund), which is more than last year's total of \$12,114,895. Included in this year's total change in fund balance is a decrease of (\$357,074) in the District's General Fund, increase of \$719,291 in the Debt Service Fund, increase of \$270 in the Capital Projects Fund, and a decrease of (\$66,457) in the District's Special Revenue Funds.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances. The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$9,285,048 differs from the General Fund's budgetary fund balance of \$8,082,796 reported in the budgetary comparison schedule.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021 the District had \$36,392,323 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance net of related debt. There was a net decrease in capital assets of (\$1,299,737) over last year due to depreciation.

Debt

At year-end, the District had outstanding bonds and loans (or accrued leave benefits) in the amount of \$33,764,177, which was an increase of \$2,830,628.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2022 budget and tax rates. The factors included student enrollment, student daily attendance rates, property values and debt service obligations. The officials also reviewed the budget to ensure expenditures were aligned with the District Improvement Plan and five-year strategic plan.

The amount available for appropriation in the General Fund budget for fiscal 2022 is \$18,902,219, an increase of 1.27% over the final 2021 budget of \$18,663,387. Budgeted expenditures are expected to decrease in 2022 by 0.82% of the final 2021 budget of \$19,058,460.

If these estimates are realized, the District's budgetary General Fund balance is expected to remain unchanged as of the close of 2022.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Gladewater Independent School District, 500 West Quitman, Gladewater, Texas 75647.

BASIC FINANCIAL STATEMENTS

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT A-1

Data	Primary Government	
Control	Governmental	
Codes	Activities	
ASSETS		
1110	Cash and Cash Equivalents	\$ 10,907,367
1120	Current Investments	10,010
1220	Property Taxes - Delinquent	1,338,908
1230	Allowance for Uncollectible Taxes	(185,134)
1240	Due from Other Governments	3,136,261
1300	Inventories	30,694
	Capital Assets:	
1510	Land	610,516
1520	Buildings and Improvements, Net	34,818,237
1530	Furniture and Equipment, Net	259,675
1540	Other Capital Assets, Net	703,895
1000	Total Assets	51,630,429
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred Charge for Refunding	2,512,528
1705	Deferred Outflow Related to TRS Pension	1,547,091
1706	Deferred Outflow Related to TRS OPEB	879,089
1700	Total Deferred Outflows of Resources	4,938,708
LIABILITIES		
2110	Accounts Payable	51,204
2140	Accrued Interest Payable	270,562
2150	Payroll Deductions and Withholdings	13,620
2160	Accrued Wages Payable	1,471,589
2180	Due to Other Governments	76,076
2200	Accrued Expenses	78,350
2300	Unearned Revenue	60,842
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc.	1,455,000
	Due in More than One Year:	
2502	Bonds, Notes, Leases, etc.	32,309,177
2540	Net Pension Liability (District's Share)	4,227,183
2545	Net OPEB Liability (District's Share)	5,090,626
2000	Total Liabilities	45,104,229
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS Pension	920,634
2606	Deferred Inflow Related to TRS OPEB	3,819,259
2600	Total Deferred Inflows of Resources	4,739,893
NET POSITION		
3200	Net Investment in Capital Assets	5,160,485
	Restricted:	
3820	Restricted for Federal and State Programs	128,290
3850	Restricted for Debt Service	2,800,878
3890	Restricted for Other Purposes	30,694
3900	Unrestricted	(1,395,332)
3000	Total Net Position	\$ 6,725,015

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		3	4	6	
		Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 11,652,661	\$ 138,979	\$ 1,778,159	\$ (9,735,523)
12	Instructional Resources and Media Services	314,254	-	18,362	(295,892)
13	Curriculum and Instructional Staff Development	222,590	-	13,429	(209,161)
21	Instructional Leadership	212,439	-	12,986	(199,453)
23	School Leadership	1,248,246	-	80,657	(1,167,589)
31	Guidance, Counseling, and Evaluation Services	401,011	-	28,409	(372,602)
33	Health Services	272,165	-	18,131	(254,034)
34	Student (Pupil) Transportation	1,095,173	-	41,042	(1,054,131)
35	Food Services	919,580	80,620	679,867	(159,093)
36	Extracurricular Activities	947,293	49,214	36,218	(861,861)
41	General Administration	918,355	-	107,215	(811,140)
51	Facilities Maintenance and Operations	2,888,957	-	300,656	(2,588,301)
52	Security and Monitoring Services	144,321	-	5,042	(139,279)
53	Data Processing Services	590,402	-	22,294	(568,108)
72	Debt Service - Interest on Long-Term Debt	481,753	-	-	(481,753)
73	Debt Service - Bond Issuance Cost and Fees	358,452	-	-	(358,452)
93	Payments Related to Shared Services Arrangements	888,937	-	-	(888,937)
99	Other Intergovernmental Charges	122,116	-	-	(122,116)
[TP]	TOTAL PRIMARY GOVERNMENT:	\$ 23,678,705	\$ 268,813	\$ 3,142,467	(20,267,425)
Data					
Control					
Codes					
	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			5,752,650	
DT	Property Taxes, Levied for Debt Service			2,023,893	
SF	State Aid - Formula Grants			11,643,531	
IE	Investment Earnings			10,668	
MI	Miscellaneous Local and Intermediate Revenue			467,626	
FR	Loss on Sale of Capital Assets			(111,594)	
TR	Total General Revenues & Transfers			19,786,774	
CN	Change in Net Position			(480,651)	
NB	Net Position - Beginning			7,205,666	
NE	Net Position - Ending			\$ 6,725,015	

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 7,660,211	\$ 2,838,702	\$ 105,946
1120 Investments - Current	-	-	-
1220 Property Taxes - Delinquent	1,085,681	253,227	-
1230 Allowance for Uncollectible Taxes	(155,993)	(29,141)	-
1240 Due from Other Governments	3,009,422	44,062	-
1260 Due from Other Funds	119,032	-	-
1300 Inventories	10,961	-	-
1000 Total Assets	<u>\$ 11,729,314</u>	<u>\$ 3,106,850</u>	<u>\$ 105,946</u>
LIABILITIES			
2110 Accounts Payable	\$ 51,072	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	8,279	-	-
2160 Accrued Wages Payable	1,318,496	-	-
2170 Due to Other Funds	57,921	35,410	83,622
2180 Due to Other Governments	76,076	-	-
2200 Accrued Expenditures	8,674	-	-
2300 Unearned Revenue	60,000	-	-
2000 Total Liabilities	<u>1,580,518</u>	<u>35,410</u>	<u>83,622</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	863,748	206,206	-
2600 Total Deferred Inflows of Resources	<u>863,748</u>	<u>206,206</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	10,961	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	2,865,234	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	-	-	22,324
3590 Other Assigned Fund Balance	4,274,087	-	-
3600 Unassigned Fund Balance	5,000,000	-	-
3000 Total Fund Balances	<u>9,285,048</u>	<u>2,865,234</u>	<u>22,324</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 11,729,314</u>	<u>\$ 3,106,850</u>	<u>\$ 105,946</u>

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

		Total	
Other		Governmental	
Funds		Funds	
\$	297,972	\$	10,902,831
	10,000		10,000
	-		1,338,908
	-		(185,134)
	82,777		3,136,261
	13		119,045
	19,733		30,694
\$	410,495	\$	15,352,605
\$	132	\$	51,204
	5,341		13,620
	153,093		1,471,589
	9,745		186,698
	-		76,076
	3,023		11,697
	842		60,842
	172,176		1,871,726
	-		1,069,954
	-		1,069,954
	19,733		30,694
	128,290		128,290
	-		2,865,234
	90,296		90,296
	-		22,324
	-		4,274,087
	-		5,000,000
	238,319		12,410,925
\$	410,495	\$	15,352,605

GLADEWATER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 12,410,925
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	5,546
2 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 \$60,378,645 and the accumulated depreciation was (\$22,686,585). 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 funds. These liabilities totaled (\$31,728,549). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	5,963,511
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt principal payments is to increase net position.	1,310,754
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$1,547,091, a deferred resource inflow in the amount of (\$920,634), and a net position liability in the amount of (\$4,227,183). This resulted in an increase(decrease) in net position.	(3,600,726)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$879,089, a deferred resource inflow in the amount of (\$3,819,259), and a net OPEB liability in the amount of (\$5,090,626). This resulted in an increase(decrease) in net position.	(8,030,796)
6 The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,815,491)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	481,292
19 Net Position of Governmental Activities	\$ 6,725,015

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 6,218,764	\$ 2,087,241	\$ 270
5800 State Program Revenues	12,314,283	119,175	-
5900 Federal Program Revenues	130,340	-	-
5020 Total Revenues	18,663,387	2,206,416	270
EXPENDITURES:			
Current:			
0011 Instruction	9,355,488	-	-
0012 Instructional Resources and Media Services	282,467	-	-
0013 Curriculum and Instructional Staff Development	198,848	-	-
0021 Instructional Leadership	190,039	-	-
0023 School Leadership	1,114,830	-	-
0031 Guidance, Counseling, and Evaluation Services	358,948	-	-
0033 Health Services	243,501	-	-
0034 Student (Pupil) Transportation	1,317,695	-	-
0035 Food Services	8,652	-	-
0036 Extracurricular Activities	802,040	-	-
0041 General Administration	814,969	-	-
0051 Facilities Maintenance and Operations	2,523,368	-	-
0052 Security and Monitoring Services	127,391	-	-
0053 Data Processing Services	534,796	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	795,000	-
0072 Interest on Long-Term Debt	-	695,759	-
0073 Bond Issuance Cost and Fees	-	358,452	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	174,375	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	888,937	-	-
0099 Other Intergovernmental Charges	122,116	-	-
6030 Total Expenditures	19,058,460	1,849,211	-
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(395,073)	357,205	270
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	27,699,525	-
7912 Sale of Real and Personal Property	38,000	-	-
7916 Premium or Discount on Issuance of Bonds	-	3,519,841	-
8949 Other (Uses)	-	(30,857,280)	-
7080 Total Other Financing Sources (Uses)	38,000	362,086	-
1200 Net Change in Fund Balances	(357,073)	719,291	270
0100 Fund Balance - July 1 (Beginning)	9,642,121	2,145,943	22,054
3000 Fund Balance - June 30 (Ending)	\$ 9,285,048	\$ 2,865,234	\$ 22,324

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

		Total	
Other		Governmental	
Funds		Funds	
\$	154,355	\$	8,460,630
	159,560		12,593,018
	1,847,332		1,977,672
	2,161,247		23,031,320
	1,104,926		10,460,414
	764		283,231
	735		199,583
	505		190,544
	5,023		1,119,853
	1,018		359,966
	511		244,012
	2,968		1,320,663
	824,090		832,742
	61,519		863,559
	1,516		816,485
	218,186		2,741,554
	4,921		132,312
	1,022		535,818
	-		795,000
	-		695,759
	-		358,452
	-		174,375
	-		888,937
	-		122,116
	2,227,704		23,135,375
	(66,457)		(104,055)
	-		27,699,525
	-		38,000
	-		3,519,841
	-		(30,857,280)
	-		400,086
	(66,457)		296,031
	304,776		12,114,894
\$	238,319	\$	12,410,925

GLADEWATER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 296,031
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.	5,317
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 2021 capital outlays and debt principal payments is to increase net position.	1,310,754
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.	(1,815,491)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(90,100)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$282,234. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling (\$277,278). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased) decreased the change in net position (\$348,633). The net result is an increase (decrease) in the change in net position.	(343,497)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$86,282. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling (\$85,409). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense (increased) decreased the change in net position \$155,462. The net result is an increase in the change in net position.	156,335
Change in Net Position of Governmental Activities	\$ (480,651)

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 4,546
Due from Other Funds	67,653
Total Assets	72,199
LIABILITIES	
Current Liabilities:	
Accrued Expenses	66,653
Total Liabilities	66,653
NET POSITION	
Unrestricted Net Position	5,546
Total Net Position	\$ 5,546

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 17,553
Total Operating Revenues	<u>17,553</u>
OPERATING EXPENSES:	
Professional and Contracted Services	<u>12,236</u>
Total Operating Expenses	<u>12,236</u>
Operating Income	5,317
Total Net Position - July 1 (Beginning)	<u>229</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 5,546</u></u>

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 17,553
Cash Payments for Insurance Claims	37,498
Net Cash Provided by Operating Activities	55,051
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Increase(decrease) in Due from Other Funds	(66,653)
Net Decrease in Cash and Cash Equivalents	(11,602)
Cash and Cash Equivalents at Beginning of Year	16,148
Cash and Cash Equivalents at End of Year	\$ 4,546
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 5,317
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	49,734
Net Cash Provided by Operating Activities	\$ 55,051

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Investment Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ 82	\$ 103,974
Total Assets	<u>82</u>	<u>\$ 103,974</u>
NET POSITION		
Restricted for Scholarships	82	-
Restricted for Other Purposes	-	103,974
Total Net Position	<u>\$ 82</u>	<u>\$ 103,974</u>

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Investment Trust Fund	Custodial Fund
ADDITIONS:		
Contributions to Student Groups	\$ -	\$ 68,447
Total Additions	<u>-</u>	<u>68,447</u>
DEDUCTIONS:		
Professional and Contracted Services	-	62,541
Total Deductions	<u>-</u>	<u>62,541</u>
Change in Fiduciary Net Position	-	5,906
Total Net Position - July 1 (Beginning)	<u>82</u>	<u>98,068</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 82</u></u>	<u><u>\$ 103,974</u></u>

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

BASIC FINANCIAL STATEMENTS

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting unit.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

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

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Fund Financial Statements - The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

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

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. All assets, liabilities, and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period. It recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The net position is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

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

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

Capital Projects Fund - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

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

Governmental Funds:

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

Proprietary Funds:

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

Fiduciary Funds:

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

E. OTHER ACCOUNTING POLICIES

1. Cash Equivalents

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

2. Inventories

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

3. Receivables and Payables

All trade and property tax receivables are shown at face value. The property tax receivable allowance is shown at various rates based on historical trends of outstanding property taxes receivable as of June 30, 2021.

4. Long-term Debt

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
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5. Personal Days (Vacation and Sick Leave)

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

6. General Fixed Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

The District has no restriction on any fixed assets.

7. Self-Insured Workers Compensation

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

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

Unpaid claims 7/1		68,823
Provisions for insured events (current)	23,496	
Increase in provisions for insured events (prior)	(7,534)	
Total incurred claims	15,962	15,962
Claims attributable to current insured events	10,021	
Claims attributable to prior insured events	8,112	
Total payments	18,133	(18,133)
Total unpaid claims as of 6/30		66,652
Claims incurred but not reported (IBNR)		38,980

8. Due From (To) Other Funds

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
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9. Fund Equity

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

	<u>General</u>	<u>Other</u>	<u>Total</u>
<u>Non-spendable:</u>			
Inventory	10,961	19,733	30,694
<u>Restricted:</u>			
Child Nutrition	-	128,290	128,290
Debt Service Fund	-	2,865,234	2,865,234
<u>Committed:</u>			
Campus Activity	-	90,296	90,296
<u>Assigned:</u>			
Facilities & Maintenance - General	1,200,000	-	1,200,000
Facilities & Maintenance - Co-Curricular	1,000,000	-	1,000,000
Equipment & Uniforms - Co-Curricular	300,000	-	300,000
Teacher Incentive Allotment	300,000	-	300,000
Technology	300,000	-	300,000
Transportation	1,174,087	-	1,174,087
Capital Projects Fund	-	22,324	22,324
			-
<u>Unassigned:</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
	<u>9,285,048</u>	<u>3,125,877</u>	<u>12,410,925</u>

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

10. Risk Management

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there are no settlements exceeding insurance coverage for each of the past three fiscal years.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

11. Control Totals

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

12. Total Columns on Combined Financial Statements

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

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

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

14. Application of Restricted or Unrestricted Resources

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

15. Grant Fund Accounting

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

16. Estimates and Assumptions

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

17. Pensions

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

Pensions. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
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resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

18. Interfund Transfers

During the year ending June 30, 2021, there were no interfund transfers.

19. Internal Service Funds

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

20. Deferred Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. They are not reported in this category on the government wide statement of net position.

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

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

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

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

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to July 1, the Board legally enacts the budget through passage of a resolution. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

General Fund:

(Increase) in expenditures Function 34 - Student (Pupil) Transportation	(531,000)
(Increase) in expenditures Function 81 - Facilities Acquisition and Construction	(800,000)
	<u>(1,331,000)</u>

Debt Service Fund:

(Increase) in expenditures Function 73 - Bond Issuance Cost and Fees	(355,612)
Increase in other financing sources - Capital Related Debt Issued	27,699,525
Increase in other financing sources - Premium or Discount on Issuance of Bonds	3,519,841
(Increase) in other uses - Other (Uses)	(30,857,280)
	<u>6,474</u>

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

	June 30, 2021 <u>Fund Balance</u>
Restricted Budget Funds - Food Service Special Revenue Fund	\$ 148,023
Nonappropriated Budget Funds	<u>90,296</u>
All Special Revenue Funds	<u>\$ 238,319</u>

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

NOTE III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITORY CONTRACT LAW

The funds of the District must be deposited and invested under 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 agency 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.

At June 30, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$5,714,470 and the bank balance was \$5,838,419. The District's combined deposits were fully insured at all times by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent. The TEA maintains copies of all safekeeping receipts in the name of the District.

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The district does not invest in securities relating to foreign currencies.

As of June 30, 2021, the following are the District's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value*	Maturity in Less than 1 year	Maturity in 1 - 10 Years	Maturity in Over 10 Years	Credit Rating
Certificates of Deposit	10,000	-	10,000		
Investment Pools:					
TexPool	5,071,549	5,071,549	-		AAA ^m
Lone Star	235,414	235,414	-		AAA
Total Investment Pool:	5,306,963	5,306,963	-		

* Fair value is the amount at which a security could be exchanged in a current transaction between willing parties, other than in a forced liquidation. Under GASB 72, all investments are recorded at fair value.

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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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 a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) no load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investments only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Gladewater Independent School District is in substantial compliance with the requirements of the Act and with local policies.

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

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in (list investments covered by the district's credit risk policy, such as commercial paper, corporate bonds, mutual bond funds) to the top (or top 2 or 3) ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the District's investments in the Lone Star Investment Pool was rated AAA by Standard and Poor and US Govt. Debt Instruments are rated AAA and their investments at Texpool are rated AAAM.

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District diversifies its investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District shall use final and weighted-average-maturity limits and diversification. The District monitors interest rate risk using weighted-average-maturity and specific identification.

Foreign Currency Risk for Investments The District does not engage in any deposit or investment in transactions involving foreign currency.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

B. PROPERTY TAXES

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

The tax rates assessed for the year ended June 30, 2021, to finance General Fund operations and Debt Service was \$1.0547 and \$0.3950 respectively, per \$100 valuation. The assessed value of the property tax roll on January 1, 2020, upon which the levy for the 2020-21 fiscal year was based, was \$548,402,359.

Current tax collections for the year ended June 30, 2021 were 97.1% of the year-end adjusted tax levy. As of June 30, 2021, property taxes receivable, net of estimated uncollectible taxes, totaled \$929,688 for the General Fund and \$224,086 for Debt Service.

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2021, consisted of the following individual fund receivables and payables:

	Due to Other Funds	Due from Other Funds
General Fund	\$ 57,921	\$ 119,032
Debt Service Fund	35,410	-
Capital Projects Fund	83,622	-
Other Governmental Funds	9,745	13
Internal Service Fund	-	67,653
Total	<u>\$ 186,698</u>	<u>\$ 186,698</u>

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2021, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Total Receivables</u>
Governmental Activities:				
General Fund	\$ 1,085,681	\$ 3,009,422	\$ 119,032	\$ 4,214,135
Debt Service Fund	253,227	44,062	-	297,289
Other Governmental Funds	-	82,777	13	82,790
Total - Governmental Activities	<u>\$ 1,338,908</u>	<u>\$ 3,136,261</u>	<u>\$ 119,045</u>	<u>\$ 4,594,214</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ (185,134)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (185,134)</u>
Proprietary Funds:				
Internal Service Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,653</u>	<u>\$ 67,653</u>

Payables at June 30, 2021 were as follows:

	<u>Accounts Payable</u>	<u>Salaries / Benefits</u>	<u>Due To Other Funds</u>	<u>Due to Other Governments</u>	<u>Total Payables</u>
Governmental Activities:					
General Fund	\$ 51,072	\$ 1,335,449	\$ 57,921	\$ 76,076	\$ 1,520,518
Debt Service Fund	-	-	35,410	-	35,410
Capital Project Fund	-	-	83,622	-	83,622
Other Governmental Funds	132	161,457	9,745	-	171,334
Total - Governmental Activities	<u>\$ 51,204</u>	<u>\$ 1,496,906</u>	<u>\$ 186,698</u>	<u>\$ 76,076</u>	<u>\$ 1,810,884</u>
Proprietary Funds:					
Internal Service Fund	<u>\$ -</u>	<u>\$ 66,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,653</u>

GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Land	\$ 610,516	\$ -	\$ -	\$ 610,516
Building and improvements	55,291,760	194,158	(288,502)	55,197,416
Equipment	2,164,083	93,887	-	2,257,970
Vehicles	2,312,286	377,303	-	2,689,589
Total Cost	<u>\$ 60,378,645</u>	<u>\$ 665,348</u>	<u>\$ (288,502)</u>	<u>\$ 60,755,491</u>
Less Accumulated Depreciation for:				
Buildings	\$ (18,937,992)	\$ (1,580,095)	\$ 138,908	\$ (20,379,179)
Equipment	(1,893,811)	(104,484)	-	(1,998,295)
Vehicles	(1,854,782)	(130,912)	-	(1,985,694)
Total Accumulated Depreciation	<u>\$ (22,686,585)</u>	<u>\$ (1,815,491)</u>	<u>\$ 138,908</u>	<u>\$ (24,363,168)</u>
Governmental Activities:				
Land	\$ 610,516	\$ -	\$ -	\$ 610,516
Buildings and Improvements	36,353,768	(1,385,937)	(149,594)	34,818,237
Equipment	270,272	(10,597)	-	259,675
Vehicles	457,504	246,391	-	703,895
Capital Assets, Net	<u>\$ 37,692,060</u>	<u>\$ (1,150,143)</u>	<u>\$ (149,594)</u>	<u>\$ 36,392,323</u>

Current year additions include a freezer, playground equipment for the GPS campus, a server for the bus camera system, two mowers, a power washer, floor scrubber and band equipment. The District also purchased a maintenance truck and four buses. The District entered into an energy conservation contract and installed a new HVAC system.

During fiscal year 2021, the District sold a building and property for \$38,000. The original cost of the property was \$288,502 and it had depreciated \$138,908. The loss on the sale totaled (\$111,594).

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 946,843
Instructional Resources and Media Services	25,637
Curriculum and Instructional Staff Development	18,066
Instructional Leadership	17,247
School Leadership	101,366
Guidance Counseling, and Evaluation Services	32,583
Health Services	22,087
Student (Pupil) Transportation	119,542
Food Services	75,377
Extracurricular Activities	78,167
General Administration	73,906
Facilities Maintenance and Operations	244,193
Security and Monitoring Services	11,976
Data Processing Services	48,501
Total Depreciation Expense	<u>\$ 1,815,491</u>

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

G. LOANS PAYABLE

The District does not have any outstanding loans as of June 30, 2021.

H. COMMITMENTS UNDER LEASES

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of June 30, 2021 as follows:

Year Ended June 30	Total Requirements
2022	\$ 51,279
2023	
2024	-
2025	-
2026	-
	<u>\$ 51,279</u>

Operating lease payments during the year ending June 30, 2021 were \$94,303.

Capital Leases

The District had no capital leases in effect during the year ending June 30, 2021.

I. BONDS PAYABLE

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

Unlimited Tax School Building Bonds, Series 2014

During the year ending June 30, 2015, the District issued GISD Unlimited Tax School Building Bonds, Series 2014. These bonds have a face value of \$34,325,000. The effective true interest cost was calculated to be 3.713072%.

Unlimited Tax Refunding Bonds, Series 2020

On November 1, 2020, the District issued Unlimited Tax Refunding Bonds, Series 2020 in the amount of \$27,699,525 to refund most of Series 2014. The escrow payment of \$30,857,280 was used to provide debt service payments on the Series 2014 when called in August 15, 2023. As a result, the Series 2014 has an outstanding balance of \$2,525,000 as of June 30, 2021. The refunding resulted in a gross savings of \$5,287,414 and net present value benefit of \$4,229,955. Bond proceeds are accounted for in the Debt Service Fund as other financing sources in the amount of \$27,699,525 for refunding bonds issued and \$3,519,841 for premium on issuance of bonds. The District paid \$795,000 in principal, \$695,759 in interest and \$358,452 in bond issuance costs.

GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The following is a summary of the changes in the District's general long-term debt for the year ended June 30, 2021:

	Stated Interest Rate	Amounts Original Issue	Amounts Outstanding 7/1/2020	Issuance / Accretion	Retirements	Amounts Outstanding 6/30/2021
Unlimited Tax School Building Bonds, Series 2014						
Current Interest Serial Bonds maturing 2022, 2023 & 2024	3.70%	34,325,000	31,040,000		(b) (795,000) (c) (27,720,000)	2,525,000
Unlimited Tax Refunding Bonds, Series 2020						
Current Interest Serial Bonds maturing 2022-2024, 2028-2031	0.25-1.4%	16,335,000	-	(a) 16,335,000	-	16,335,000
Unlimited Tax Refunding Bonds, Series 2020						
Capital Appreciation Bonds maturing 2024-2027	-	109,525	-	(a) 109,525	-	109,525
Unlimited Tax Refunding Bonds, Series 2020						
Current Interest Term Bonds maturing 2041 and 2045	2.2-2.4%	11,255,000	-	(a) 11,255,000	-	11,255,000
		62,024,525	31,040,000	27,699,525	(28,515,000)	30,224,525

(a) Issuance of bonds, Series 2020 \$27,699,525

(b) Principal payments of outstanding bonds \$795,000

(c) Refunded portion of bond, Series 2014 \$27,720,000

Required bond payments, including interest, are:

Year Ended June 30	Unlimited Tax School Bonds, Series 2014			Unlimited Tax Refunding Bonds, Series 2020		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2022	820,000	71,650	891,650	635,000	314,465	949,465
2023	840,000	51,150	891,150	375,000	501,500	876,500
2024	865,000	12,975	877,975	375,000	500,116	875,116
2025	-	-	-	66,716	1,696,626	1,763,342
2026	-	-	-	29,614	1,733,729	1,763,343
2027-2031	-	-	-	5,168,195	3,661,367	8,829,562
2032-2036	-	-	-	6,875,000	1,957,498	8,832,498
2037-2041	-	-	-	7,525,000	1,296,008	8,821,008
2042-2045	-	-	-	6,650,000	405,026	7,055,026
	<u>2,525,000</u>	<u>135,775</u>	<u>2,660,775</u>	<u>27,699,525</u>	<u>12,066,335</u>	<u>39,765,860</u>

In the government-wide financial statements, bonded indebtedness of the District is reflected in the Statement of Net Position. Premium on issuance of bonds, net of accumulated amortization, totaled \$3,519,841 at June 30, 2021. Bond premium/discount proceeds are deferred and amortized over the life of the bonds. The current year amortization for the premium/discount of \$43,709 is reflected in the Statement of Activities for the year ended June 30, 2021.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

J. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended June 30, 2021, was as follows:

	Amounts Outstanding 06/30/20	Additions	Reductions	Amounts Outstanding 06/30/21	Due Within One Year
<u>Governmental:</u>					
Bond Premium	\$ 668,461	\$ 3,519,841	\$ (668,461)	\$ 3,519,841	\$ -
Unlimited Tax Bonds	31,040,000	27,699,525	(28,515,000)	30,224,525	1,455,000
Other Liabilities:					
Accrued Leave Benefits	20,088	-	(277)	19,811	-
TRS Net Pension Liability	4,499,371	53,468	(325,656)	4,227,183	-
TRS Net OPEB Liability	6,252,608	-	(1,161,982)	5,090,626	-
Total	\$ 42,480,528	31,272,834	(30,671,376)	\$ 43,081,986	\$ 1,455,000

The deferred charge on refunding bonds, net of accumulated amortization, totaled \$2,512,528 at June 30, 2021. Amortization of \$0 is reflected in the Statement of Activities for the year ended June 30, 2021.

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

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions as June 30, 2021.

K. HEALTH CARE COVERAGE

During the year ended June 30, 2021 employees of the Gladewater Independent School District were covered by a health insurance plan (the "plan"). The District's contributions as of year-end, were \$225 per month. Employees, at their option, authorize payroll withholdings to pay contributions or premiums for dependents. All contributions were paid to a licensed insurer. The plan was authorized by Texas Education Code, Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the licensed insurer is renewable September 1, 2021 and terms of coverage and premium costs are included in the contractual provisions.

L. UNEARNED REVENUE AND INFLOWS OF RESOURCES

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

	General Fund	Debt Service Fund	Special Revenue Funds	Total
Property Taxes	\$ 898,276	\$ 198,445	\$ -	\$ 1,096,721
Unearned Revenues- Prepaid taxes	60,000	-	-	60,000
Unearned Revenues - IMA grant	-	-	842	842

GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

M. DUE TO/FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2021, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

	Other	State Entitlements	Federal Grants	Total
General Fund	\$ 14,971	\$ 2,994,451	\$ -	\$ 3,009,422
Debt Service Fund	3,855	40,207	-	44,062
Other Governmental Funds	-	-	82,777	82,777
Total	<u>\$ 18,826</u>	<u>\$ 3,034,658</u>	<u>\$ 82,777</u>	<u>\$ 3,136,261</u>

	Other	State Entitlements	Federal Grants	Total
General Fund	\$ -	\$ 76,076	\$ -	\$ 76,076
Total	<u>\$ -</u>	<u>\$ 76,076</u>	<u>\$ -</u>	<u>\$ 76,076</u>

N. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Enterprise, Internal, Trust Funds	Total
Property Taxes	\$ 5,784,269	\$ 2,081,007	\$ -	\$ -	\$ -	\$ 7,865,276
Food Sales	-	-	-	94,667	-	94,667
Investment Income	11,262	6,234	270	-	634	18,400
Co-curricular student activities	49,214	-	-	-	-	49,214
Services to Other Governments	138,979	-	-	-	-	138,979
Rent	820	-	-	-	-	820
Insurance Recovery	50,233	-	-	-	-	50,233
Other	183,987	-	-	59,688	16,919	260,594
Total	<u>\$ 6,218,764</u>	<u>\$ 2,087,241</u>	<u>\$ 270</u>	<u>\$ 154,355</u>	<u>\$ 17,553</u>	<u>\$ 8,478,183</u>

O. LITIGATION AND CONTINGENCIES

1. As of the report date, the District is currently involved in one suit. The District's legal counsel's review (the insurance carrier's legal counsel is providing services related to this suit) of this case indicated that the District's insurance will be adequate to cover any potential settlement.
2. The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

3. On March 13, 2020, Texas Governor Greg Abbott declared Texas in a state of disaster as a result of the COVID-19 pandemic. The Governor has issued proclamations renewing the disaster declarations for all Texas counties in each subsequent month effective through the date of this report. The pandemic will most probably have a significant effect on governmental and private entities. The extent of the effect cannot, at this time, be estimated or quantified.

P. JOINT VENTURE – SHARED SERVICE ARRANGEMENTS

Special Education and Alternative Education SSA:

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

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

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

Q. MEDICARE ON-BEHALF PAYMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. For the year ended June 30, 2021, Gladewater ISD recognized amounts for Medicare Part D on-behalf payments totaling \$59,699. For the year ended June 30, 2020, GISD recognized amounts for Medicare Part D on-behalf payments totaling \$52,696.

R. DEFINED BENEFIT PENSION PLANS

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.trs.texas.gov/TRS%20Documents/cafr2019.pdf, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512)542-6592.

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

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

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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

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

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Contribution Rates		
	2020	2021
Member (Employees)	7.7%	7.7%
Employer (District)	7.5%	7.5%
Non-Employer Contributing Entity (State)	7.5%	7.5%
GISD Member Contributions	931,108	953,268
GISD Employer Contributions	325,562	329,456
GISD NECE On-Behalf Contributions	580,647	757,763

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public or charter school, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- 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.
- All public schools, charter school, and regional educational service centers must contribute 1.5% of the member's salary beginning in fiscal year 2020, gradually increasing to 2% in fiscal year 2025.

Actuarial Assumptions. The pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-Term Expected Rate	7.25%
	2.33%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Municipal Bond Rate as of August 2020	
Last year ending August 31 in	
Projection Period (100) years	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the actuarial valuation reported dated November 14, 2019.

Discount Rate. A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of cash flows used to determine the single discount rate assumed that contributions from active members, employers and non-employer contribution entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation ¹ %	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	3.9%	0.99%
Non-U.S. Development	13.0%	5.1%	0.92%
Emerging Markets	9.0%	5.6%	0.83%
Private Equity	14.0%	6.7%	1.41%
Stable Value			
Government Bonds	16.0%	-0.7%	-0.05%
Stable Value Hedge	5.0%	1.9%	0.11%
Real Return			
Real Estate	15.0%	4.6%	1.01%
Energy, Natural Reserves	6.0%	6.0%	0.42%
Risk Parity			
Risk Parity	8.0%	3.0%	0.30%
Leverage			
Cash	2.0%	-1.5%	-0.03%
Asset Allocation Leverage	-6.0%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag³			-0.67%
Total	100.00%		7.33%

¹ Target allocations are based on the FY 2020 policy manual.

² Capital Asset Market Assumptions come from Aon Hewitt (as of 8/31/2020).

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.25%, and what the net pension liability would be if it were calculated using a discount rate that is one % point lower (6.25%) or one % point higher (8.25%) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
GISD's proportionate share of the net pension liability	6,518,240	4,227,183	2,365,749

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, Gladewater ISD reported a liability of \$4,227,183 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Gladewater ISD. The amount recognized by Gladewater ISD as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Gladewater ISD were as follows:

District's proportionate share of the collective net pension liability	\$ 4,227,183
State's proportionate share that is associated with the District	9,836,173
Total	<u>\$ 14,063,356</u>

GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 thru August 31, 2020.

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0078927253%, which was an increase (decrease) of (0.0007627195%) from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

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

For the year ended June 30, 2021, Gladewater School recognized pension expense of \$1,808,984 and revenue of \$1,183,073 for support provided by the State.

At June 30, 2021, Gladewater School 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	\$ 7,718	\$ 117,969
Changes in actuarial assumptions	980,857	417,053
Difference between projected and actual investment earnings	85,575	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	190,707	385,612
Total as of August 31, 2020 measurement date	\$ 1,264,857	\$ 920,634
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	282,234	-
Total as of June 30, 2021 fiscal year-end	\$ 1,547,091	\$ 920,634

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

Year ended June 30:	Pension Expense Amount
2022	168,135
2023	142,590
2024	144,826
2025	4,873
2026	(99,535)
Thereafter	(16,666)
	<u>344,223</u>

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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S. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov/Pages/aboutpublications.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 a basic health insurance coverage to retirees from public and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

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

TRS-Care Monthly for Retirees			
	Medicare		Non-Medicare
Retiree*	\$	135	\$ 200
Retiree and Spouse		529	689
Retiree* and Children		468	408
Retiree and Family		1020	999

*or surviving spouse

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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.

	2020	2021
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Non-Employer Contributing Entity (State)	1.25%	1.25%
GISD's Member Contributions	78,601	80,469
GISD's Employer Contributions	100,911	103,242
Measurement Year NECE On-behalf Contributions	124,680	136,770

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When hiring a TRS retiree, employers are required to pay TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$280.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020. 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. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability	

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. 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 most recently published scale (U-MP).

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Election Rates	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Expenses	
Salary Increases	3.05% to 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate: A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2020 using the fixed-income 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% point lower than and 1% point higher than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
GISD's proportionate share of the Net OPEB Liability	6,108,740	5,090,626	4,286,462

GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2021 the District reported a liability of \$5,090,626 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective Net OPEB Liability	\$ 5,090,626
State's proportionate share that is associated with the District	<u>6,840,581</u>
Total	<u>\$ 11,931,207</u>

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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 the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2021 the employer's proportion of the collective Net OPEB Liability was 0.0133912689%, which was an increase (decrease) of 0.0001697752% August 31, 2020.

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of Net OPEB Liability	4,158,389	5,090,626	6,332,234

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

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for pre-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

Change of Benefit Terms Since the Prior Measurement Date – There were not changes in benefit terms since the prior measurement date.

GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021, 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	\$ 266,543	\$ 2,329,731
Changes in actuarial assumptions	313,986	1,397,912
Net Difference between projected and actual investment earnings	1,654	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	210,624	91,616
Total as of August 31, 2020 measurement date	792,807	3,819,259
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	86,282	-
Total as of June 30, 2021 fiscal year-end	\$ 879,089	\$ 3,819,259

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

Year ended June 30:	OPEB Expense Amount
2022	\$ (506,348)
2023	(506,569)
2024	(506,696)
2025	(506,663)
2026	(370,691)
Thereafter	(629,485)
	<u>\$ (3,026,452)</u>

For the year ended June 30, 2021, the District recognized OPEB expense of \$(117,551) and revenue of \$(47,498) for support provided by the State.

T. SUBSEQUENT EVENTS

Management evaluated subsequent events after the date of the balance sheet and prior to the release of these financial statements which was November 10, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 5,738,263	\$ 5,738,263	\$ 6,218,764	\$ 480,501
5800 State Program Revenues	13,201,554	13,201,554	12,314,283	(887,271)
5900 Federal Program Revenues	365,280	365,280	130,340	(234,940)
5020 Total Revenues	19,305,097	19,305,097	18,663,387	(641,710)
EXPENDITURES:				
Current:				
0011 Instruction	9,804,496	9,828,296	9,355,488	472,808
0012 Instructional Resources and Media Services	284,209	284,209	282,467	1,742
0013 Curriculum and Instructional Staff Development	215,402	215,402	198,848	16,554
0021 Instructional Leadership	195,580	195,580	190,039	5,541
0023 School Leadership	1,202,323	1,185,123	1,114,830	70,293
0031 Guidance, Counseling, and Evaluation Services	353,700	360,700	358,948	1,752
0032 Social Work Services	10,000	-	-	-
0033 Health Services	285,120	285,120	243,501	41,619
0034 Student (Pupil) Transportation	1,104,408	1,635,408	1,317,695	317,713
0035 Food Services	8,670	8,670	8,652	18
0036 Extracurricular Activities	830,740	857,740	802,040	55,700
0041 General Administration	793,691	823,729	814,969	8,760
0051 Facilities Maintenance and Operations	2,643,361	2,643,361	2,523,368	119,993
0052 Security and Monitoring Services	116,632	128,632	127,391	1,241
0053 Data Processing Services	402,565	570,252	534,796	35,456
0061 Community Services	1,200	1,200	-	1,200
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	800,000	174,375	625,625
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	901,000	889,000	888,937	63
0099 Other Intergovernmental Charges	152,000	152,000	122,116	29,884
6030 Total Expenditures	19,305,097	20,864,422	19,058,460	1,805,962
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,559,325)	(395,073)	1,164,252
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	38,000	38,000
1200 Net Change in Fund Balances	-	(1,559,325)	(357,073)	1,202,252
0100 Fund Balance - July 1 (Beginning)	9,642,121	9,642,121	9,642,121	-
3000 Fund Balance - June 30 (Ending)	\$ 9,642,121	\$ 8,082,796	\$ 9,285,048	\$ 1,202,252

GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.007892725%	0.008655445%	0.008921329%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,227,183	\$ 4,499,371	\$ 4,910,516
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	9,836,173	8,624,020	9,501,075
Total	<u>\$ 14,063,356</u>	<u>\$ 13,123,391</u>	<u>\$ 14,411,591</u>
District's Covered Payroll	\$ 12,252,321	\$ 11,053,799	\$ 10,911,349
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	34.50%	40.70%	45.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.008765563%		0.00886895%		0.0097205%		0.0050909%	
\$	2,802,755	\$	3,351,444	\$	3,436,067	\$	1,359,850
5,807,592		7,094,046		7,116,568		6,294,976	
\$	8,610,347	\$	10,445,490	\$	10,552,635	\$	7,654,826
\$	10,803,297	\$	8,936,835	\$	10,661,312	\$	10,790,156
25.94%		37.50%		32.23%		12.60%	
82.17%		78.00%		78.43%		83.25%	

GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 329,456	\$ 325,562	\$ 297,875
Contribution in Relation to the Contractually Required Contribution	(329,456)	(325,562)	(297,875)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 12,306,763	\$ 12,092,315	\$ 11,018,955
Contributions as a Percentage of Covered Payroll	2.68%	2.69%	2.70%

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.

2018	2017	2016	2015
\$ 257,199	\$ 243,610	\$ 149,510	\$ 266,883
(257,199)	(243,610)	(149,510)	(266,883)
\$ -	\$ -	\$ -	\$ -
\$ 10,856,727	\$ 10,803,297	\$ 8,936,835	\$ 10,661,312
2.37%	2.25%	1.67%	2.50%

GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.013391269%	0.013221493%	0.013410459%	\$ 0.013129035%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 5,090,626	\$ 6,252,608	\$ 6,695,965	\$ 5,709,325
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	6,840,581	8,308,315	9,117,441	\$ 8,251,642
Total	<u>\$ 11,931,207</u>	<u>\$ 14,560,923</u>	<u>\$ 15,813,406</u>	<u>\$ 13,960,967</u>
District's Covered Payroll	\$ 12,252,321	\$ 11,053,799	\$ 10,911,349	\$ 10,803,297
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	41.55%	56.57%	61.37%	\$ 52.85%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	\$ 0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore 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 of 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.

GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 103,242	\$ 100,911	\$ 92,508	\$ 88,446
Contribution in Relation to the Contractually Required Contribution	(103,242)	(100,911)	(92,508)	(88,446)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 12,306,763	\$ 12,092,315	\$ 11,018,955	\$ 10,856,727
Contributions as a Percentage of Covered Payroll	0.84%	0.83%	0.84%	0.81%

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

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

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

In May 2019, the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

Changes of Assumptions.

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

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

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

Changes in Assumptions.

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The discount rate changed from 2.64 percent as of August 31, 2019 to 2.33 percent, as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

COMBINING SCHEDULES

GLADEWATER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes		204	211	224	240
		ESEC Title IV	ESEA I, A Improving Basic Program	IDEA - Part B Formula	National Breakfast and Lunch Program
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 63,839	\$ (26,795)	\$ 179,236
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	-	7,003	65,194	10,580
1260	Due from Other Funds	-	-	-	-
1300	Inventories	-	-	-	19,733
1000	Total Assets	<u>\$ -</u>	<u>\$ 70,842</u>	<u>\$ 38,399</u>	<u>\$ 209,549</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 132
2150	Payroll Deductions and Withholdings Payable	-	-	249	5,092
2160	Accrued Wages Payable	-	66,014	34,740	52,339
2170	Due to Other Funds	-	4,020	1,744	3,414
2200	Accrued Expenditures	-	808	1,666	549
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>70,842</u>	<u>38,399</u>	<u>61,526</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	19,733
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	128,290
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,023</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 70,842</u>	<u>\$ 38,399</u>	<u>\$ 209,549</u>

EXHIBIT H-1 (Cont'd)

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief I	276 Title I - SIP Academy Grant	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds
\$ -	\$ 33	\$ 391	\$ 143	\$ -	\$ 842	\$ -	\$ 80,283
-	-	-	-	-	-	-	10,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	13
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 391</u>	<u>\$ 143</u>	<u>\$ -</u>	<u>\$ 842</u>	<u>\$ -</u>	<u>\$ 90,296</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	33	391	143	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	842	-	-
<u>-</u>	<u>33</u>	<u>391</u>	<u>143</u>	<u>-</u>	<u>842</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	90,296
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,296</u>
<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 391</u>	<u>\$ 143</u>	<u>\$ -</u>	<u>\$ 842</u>	<u>\$ -</u>	<u>\$ 90,296</u>

GLADEWATER INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

Data Control Codes	499		Total
	Other Local Special Revenue Funds		Nonmajor Governmental Funds
ASSETS			
1110	Cash and Cash Equivalents	\$ -	\$ 297,972
1120	Investments - Current	-	10,000
1240	Due from Other Governments	-	82,777
1260	Due from Other Funds	-	13
1300	Inventories	-	19,733
1000	Total Assets	<u>\$ -</u>	<u>\$ 410,495</u>
LIABILITIES			
2110	Accounts Payable	\$ -	\$ 132
2150	Payroll Deductions and Withholdings Payable	-	5,341
2160	Accrued Wages Payable	-	153,093
2170	Due to Other Funds	-	9,745
2200	Accrued Expenditures	-	3,023
2300	Unearned Revenue	-	842
2000	Total Liabilities	<u>-</u>	<u>172,176</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410	Inventories	-	19,733
Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	128,290
Committed Fund Balance:			
3545	Other Committed Fund Balance	-	90,296
3000	Total Fund Balances	<u>-</u>	<u>238,319</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 410,495</u>

GLADEWATER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	204 ESEC Title IV	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 94,667
5800 State Program Revenues	-	-	-	17,726
5900 Federal Program Revenues	-	515,300	255,449	641,454
5020 Total Revenues	-	515,300	255,449	753,847
EXPENDITURES:				
Current:				
0011 Instruction	-	515,300	255,449	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	818,722
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
6030 Total Expenditures	-	515,300	255,449	818,722
1200 Net Change in Fund Balance	-	-	-	(64,875)
0100 Fund Balance - July 1 (Beginning)	-	-	-	212,898
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ 148,023

244	255	266	276	289	410	429	461
Career and Technical - Basic Grant	ESEA II,A Training and Recruiting	ESSER -School Emergency Relief I	Title I - SIP Academy Grant	Other Federal Special Revenue Funds	State Instructional Materials	Other State Special Revenue Funds	Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	59,688
-	-	-	-	-	136,913	4,921	-
26,298	85,677	281,945	15,557	25,652	-	-	-
26,298	85,677	281,945	15,557	25,652	136,913	4,921	59,688
26,298	85,677	44,844	14,793	25,652	136,913	-	-
-	-	509	255	-	-	-	-
-	-	735	-	-	-	-	-
-	-	505	-	-	-	-	-
-	-	5,023	-	-	-	-	-
-	-	764	254	-	-	-	-
-	-	256	255	-	-	-	-
-	-	2,968	-	-	-	-	-
-	-	5,368	-	-	-	-	-
-	-	249	-	-	-	-	61,270
-	-	1,516	-	-	-	-	-
-	-	218,186	-	-	-	-	-
-	-	-	-	-	-	4,921	-
-	-	1,022	-	-	-	-	-
26,298	85,677	281,945	15,557	25,652	136,913	4,921	61,270
-	-	-	-	-	-	-	(1,582)
-	-	-	-	-	-	-	91,878
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	90,296

GLADEWATER INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	499		Total			
	Other Local		Nonmajor			
	Special		Governmental			
	Revenue Funds		Funds			
REVENUES:						
5700	Total Local and Intermediate Sources		\$	-	\$	154,355
5800	State Program Revenues			-		159,560
5900	Federal Program Revenues			-		1,847,332
5020	Total Revenues			-		2,161,247
EXPENDITURES:						
Current:						
0011	Instruction			-		1,104,926
0012	Instructional Resources and Media Services			-		764
0013	Curriculum and Instructional Staff Development			-		735
0021	Instructional Leadership			-		505
0023	School Leadership			-		5,023
0031	Guidance, Counseling, and Evaluation Services			-		1,018
0033	Health Services			-		511
0034	Student (Pupil) Transportation			-		2,968
0035	Food Services			-		824,090
0036	Extracurricular Activities			-		61,519
0041	General Administration			-		1,516
0051	Facilities Maintenance and Operations			-		218,186
0052	Security and Monitoring Services			-		4,921
0053	Data Processing Services			-		1,022
6030	Total Expenditures			-		2,227,704
1200	Net Change in Fund Balance			-		(66,457)
0100	Fund Balance - July 1 (Beginning)			-		304,776
3000	Fund Balance - June 30 (Ending)		\$	-	\$	238,319

REQUIRED T.E.A. SCHEDULES

GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)	
	Tax Rates		Assessed/Appraised Value for School Tax Purposes	
	Maintenance	Debt Service		
2012 and prior years	Various	Various	\$	Various
2013	1.170000	0.000000		506,763,753
2014	1.170000	0.000000		500,010,355
2015	1.170000	0.320000		520,196,200
2016	1.170000	0.350000		497,943,725
2017	1.170000	0.395000		427,138,530
2018	1.170000	0.395000		465,881,299
2019	1.170000	0.395000		487,945,864
2020	1.068400	0.395000		519,180,039
2021 (School year under audit)	1.054700	0.395000		548,402,359
1000 TOTALS				

(10) Beginning Balance 7/1/2020		(20) Current Year's Total Levy		(31) Maintenance Collections		(32) Debt Service Collections		(40) Entire Year's Adjustments		(50) Ending Balance 6/30/2021	
\$	277,398	\$	-	\$	10,991	\$	-	\$	(40,797)	\$	225,610
	33,974		-		3,118		-		(1,099)		29,757
	39,181		-		3,498		-		(970)		34,713
	65,918		-		7,441		-		(1,065)		57,412
	81,631		-		6,325		1,732		(2,313)		71,261
	98,008		-		9,699		2,897		(3,069)		82,343
	133,490		-		13,875		4,749		(9,862)		105,004
	184,115		-		31,668		10,839		(14,567)		127,041
	423,733		-		165,482		55,750		(16,869)		185,632
	-		7,950,189		5,402,657		1,988,119		(139,278)		420,135
<u>\$</u>	<u>1,337,448</u>	<u>\$</u>	<u>7,950,189</u>	<u>\$</u>	<u>5,654,754</u>	<u>\$</u>	<u>2,064,086</u>	<u>\$</u>	<u>(229,889)</u>	<u>\$</u>	<u>1,338,908</u>

GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 144,000	\$ 144,000	\$ 94,667	\$ (49,333)
5800 State Program Revenues	36,137	36,137	17,726	(18,411)
5900 Federal Program Revenues	812,136	812,136	641,454	(170,682)
5020 Total Revenues	992,273	992,273	753,847	(238,426)
EXPENDITURES:				
Current:				
0035 Food Services	1,048,346	1,048,346	818,722	229,624
6030 Total Expenditures	1,048,346	1,048,346	818,722	229,624
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,073)	(56,073)	(64,875)	(8,802)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	56,073	10,000	-	(10,000)
1200 Net Change in Fund Balances	-	(46,073)	(64,875)	(18,802)
0100 Fund Balance - July 1 (Beginning)	212,898	212,898	212,898	-
3000 Fund Balance - June 30 (Ending)	\$ 212,898	\$ 166,825	\$ 148,023	\$ (18,802)

GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,972,071	\$ 1,972,071	\$ 2,087,241	\$ 115,170
5800 State Program Revenues	203,745	203,745	119,175	(84,570)
5020 Total Revenues	2,175,816	2,175,816	2,206,416	30,600
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	795,000	795,000	795,000	-
0072 Interest on Long-Term Debt	1,182,157	1,182,157	695,759	486,398
0073 Bond Issuance Cost and Fees	2,840	358,452	358,452	-
6030 Total Expenditures	1,979,997	2,335,609	1,849,211	486,398
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	195,819	(159,793)	357,205	516,998
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	27,699,525	27,699,525	-
7916 Premium or Discount on Issuance of Bonds	-	3,519,841	3,519,841	-
8949 Other (Uses)	-	(30,857,280)	(30,857,280)	-
7080 Total Other Financing Sources (Uses)	-	362,086	362,086	-
1200 Net Change in Fund Balances	195,819	202,293	719,291	516,998
0100 Fund Balance - July 1 (Beginning)	2,145,943	2,145,943	2,145,943	-
3000 Fund Balance - June 30 (Ending)	\$ 2,341,762	\$ 2,348,236	\$ 2,865,234	\$ 516,998

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

Gladewater Independent School District

Fiscal Year 2021

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	2,041,312
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	1,345,581

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	65,215
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	42,281

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



WILF & HENDERSON, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

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

Independent Auditor's Report

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

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gladewater Independent School District (the District) as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gladewater Independent School District's internal control over financial reporting (internal control) as a basis for designing 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.

Compliance and Other Matters

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

Purpose of this Report

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



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

November 10, 2021



WILF & HENDERSON, P.C.
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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

Independent Auditor's Report

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

Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited Gladewater Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Gladewater Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gladewater Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Gladewater Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Gladewater Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

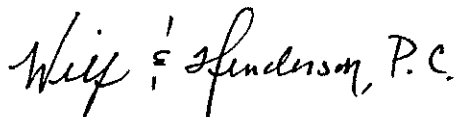
Report on Internal Control Over Compliance

Management of Gladewater Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



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

November 10, 2021

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

I. Summary of the Auditor's Results:

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

National School Breakfast Program	CFDA 10.553
National School Lunch Program	CFDA 10.555
Emergency Op Cost Reimbursement COVID-19	CFDA 10.555
ESSER School Emergency Relief I	CFDA 84.425D

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. Gladewater Independent School District was determined to be a low-risk auditee.

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

No findings were required to be reported.

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

No findings were required to be reported.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

There were no prior year audit findings or questioned costs.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

There were no current year audit findings or questioned costs.

GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21 - 610101092901	\$ 515,300
IDEA - Part B, Formula	84.027	21 - 660001230901	255,449
Career and Technical - Basic Grant	84.048	21 - 420006092901	26,298
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21 - 694501092901	85,677
Title I SIP Academy Grant	84.377A	21 - 17610740092901	15,557
Title IV, Part A, Subpart I	84.424A	21 - 680101092901	25,652
ESSER School Emergency Relief Fund I	84.425D	21 - 521001092901	281,945
Total Passed Through State Department of Education			1,205,878
TOTAL U.S. DEPARTMENT OF EDUCATION			1,205,878
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	154,612
*National School Lunch Program - Cash Assistance	10.555	N/A	374,306
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	64,867
*Emergency Op Cost Reimbursement COVID-19	10.555	N/A	47,669
Total CFDA Number 10.555			486,842
Total Child Nutrition Cluster			641,454
Total Passed Through the State Department of Agriculture			641,454
TOTAL U.S. DEPARTMENT OF AGRICULTURE			641,454
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,847,332

*Clustered Programs as required by Compliance Supplement 2021

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted or committed to specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

The District has elected to not use the 10% de minimum indirect cost rate as allowed under the Uniform Guidance.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, Uniform Guidance.
4. Nonmonetary assistance received from the Commodity Supplemental Food Program is recorded in fair market value of the commodities received and disbursed. The revenue and expense are reported in the Food Service Special Revenue Fund.

A reconciliation of federal program revenues and expenditures is as follows:

Total Federal Revenues	\$1,977,672
Less: SHARS not reported on SEFA	<u>(\$130,340)</u>
Federal Expenditures (SEFA)	<u>\$1,847,332</u>

SCHOOLS FIRST QUESTIONNAIRE

Gladewater Independent School District

Fiscal Year 2021

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