

**GREGORY-PORTLAND
INDEPENDENT
SCHOOL DISTRICT**

Annual Financial Report

For the Year Ended August 31, 2023



GOWLAND, MORALES & SMITH, PLLC

Certified Public Accountants

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

DIRECTORY OF OFFICIALS

AUGUST 31, 2023

BOARD OF TRUSTEES

TIM FLINN	PRESIDENT
CARRIE GREGORY	VICE PRESIDENT
MELISSA GONZALES	SECRETARY
NICOLE NOLEN	MEMBER
MARK ROACH	MEMBER
ZACHARY SIMMONS	MEMBER
LORA DELUNA	MEMBER

OTHER OFFICIALS

MICHELLE CAVAZOS, PH.D.	SUPERINTENDENT
ISMAEL GONZALEZ III, ED.D.	ASSIST. SUPERINTENDENT FOR BUSINESS FINANCE & OPERATIONS
DANIEL CEBALLOS, ED.D.	EXECUTIVE DIRECTOR OF HUMAN RESOURCES
ALBERTO SILGUERO	DIRECTOR OF BUSINESS SERVICES

Gregory-Portland Independent School District
Annual Financial Report
For The Year Ended August 31, 2023

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Certificate of Board.....	1	
FINANCIAL SECTION		
Independent Auditor's Report.....	2	
Management's Discussion and Analysis (Required Supplementary Information).....	5	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	14	A-1
Statement of Activities.....	15	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	16	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	18	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	19	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	21	C-3
Statement of Net Position - Internal Service Fund.....	22	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Position - Internal Service Fund.....	23	D-2
Statement of Cash Flows - Proprietary Funds.....	24	D-3
Statement of Fiduciary Net Position - Fiduciary Funds.....	25	E-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	26	E-2
Notes to the Financial Statements	27	
<u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	51	G-1
Schedule of the District's Proportionate Share of the		
Net Pension Liability - Teacher Retirement System Of Texas.....	53	G-2
Schedule of District's Contributions - Teacher Retirement System Of Texas.....	54	G-3
Schedule of the District's Proportionate Share of the		
Net OPEB Liability - OPEB Plan.....	55	G-4
Schedule of District's Contributions - OPEB Plan.....	56	G-5
Notes to Required Supplementary Information.....	57	
<u>Combining Statements as Supplementary Information:</u>		
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	58	H-1

Gregory-Portland Independent School District
Annual Financial Report
For The Year Ended August 31, 2023

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	64	H-2
 OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	70	J-1
Use of Funds Report - Select State Allotment Program	72	J-2
Budgetary Comparison Schedules Required by the Texas Education Agency.....		
National School Breakfast and Lunch Program.....	73	J-3
Fund 511	74	J-4
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	75	
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance.....	77	
Schedule of Findings and Questioned Costs	80	
Summary Schedule of Prior Audit Findings.....	82	
Corrective Action Plan.....	83	
Schedule of Expenditures of Federal Awards	84	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	86	
Schedule of Required Responses to Selected School First Indicators.....	87	K-2

Introductory Section

CERTIFICATE OF BOARD

Gregory-Portland Independent School District
Name of School District

San Patricio
County

205-902
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 August 31, 2023, at a meeting of the board of trustees of such school district on the 18th day of December, 2023.



Signature of Board Secretary



Signature of Board ~~President~~ Vice-President

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

Financial Section



GOWLAND, MORALES & SMITH, PLLC

Certified Public Accountants

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Corpus Christi, TX 78401
Telephone: (361) 993-1000
Fax: (361) 991-2880

Independent Auditor's Report

To the Board of Trustees
Gregory-Portland Independent School District
608 College Street
Portland, Texas 78374

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gregory-Portland Independent School District as of August 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gregory-Portland Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gregory-Portland Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund 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* 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 accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information and the 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023 on our consideration of Gregory-Portland 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 Gregory-Portland 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 Gregory-Portland Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Gowland, Morales, & Smith, PLLC

Gowland, Morales & Smith, PLLC

Corpus Christi, Texas
December 18, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Gregory-Portland Independent School District’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended August 31, 2023. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s total combined net position was \$230,003,518 at August 31, 2023. Of this amount 121,757,718 may be used to meet the District’s needs.
- As of the close of the current fiscal year, the District’s general fund reported combined ending fund balance of \$145,502,072. Approximately 23 percent of this total, \$33,526,372, is available for spending at the government’s discretion (unassigned).
- The total cost of the District’s programs increased \$5,908,310 from last year due primarily to a compensation increase for all employees and capital improvement projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- We use *internal service funds* to report activities that provide supplies and services for the District’s other programs and activities, such as the District’s self-insurance programs and stock.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1F, Required Components of the District’s Annual Financial Report

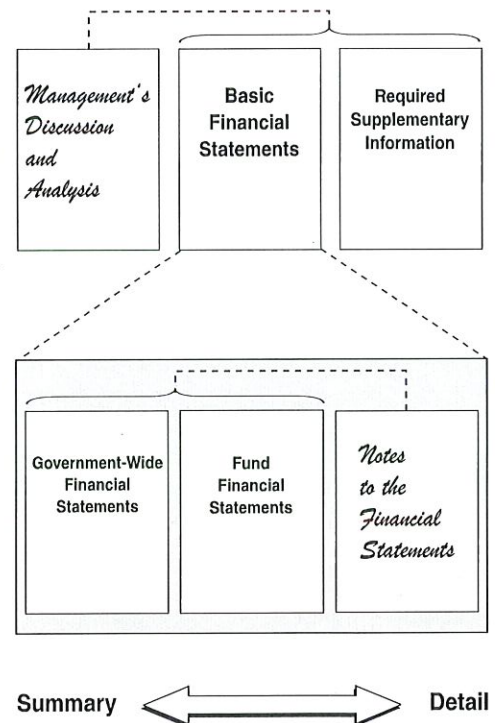


Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (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: 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 assets
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets 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, and 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, although 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

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

- We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position

The District's combined net position was approximately \$230,003,518 at August 31, 2023. (See Table A-1).

The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

Table A-1
The District's Net Assets

	Governmental Activities		Total Change
	2023	2022	
Assets:			
Current and Other Assets	\$ 378,905,725	\$ 197,526,170	\$ 181,379,555
Capital and Non-Current	248,288,244	210,341,549	37,946,695
Total Assets	<u>627,193,969</u>	<u>407,867,719</u>	<u>219,326,250</u>
Deferred Outflows Related to Pensions and OPEB	<u>15,368,373</u>	<u>10,953,410</u>	<u>4,414,963</u>
Current Liabilities	14,496,004	10,138,169	4,357,835
Noncurrent Liabilities	353,232,284	207,233,312	145,998,972
Net Pension Liability	18,633,545	7,282,543	11,351,002
Net OPEB Liability	9,860,399	14,763,406	(4,903,007)
Total Liabilities	<u>396,222,232</u>	<u>239,417,430</u>	<u>156,804,802</u>
Deferred Inflows Related to Pensions and OPEB	<u>16,336,592</u>	<u>18,009,869</u>	<u>(1,673,277)</u>
Net Position			
Net Assets Invested in Capital			
Assets net of related debt	105,004,350	73,153,581	31,850,769
Restricted	3,241,450	3,097,709	143,741
Unrestricted	121,757,718	85,142,539	36,615,179
Total Net Position	<u>\$ 230,003,518</u>	<u>\$ 161,393,829</u>	<u>\$ 68,609,689</u>

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Changes in net position The District's total revenues were \$150,732,347. A significant portion, 42.92%, of the District's revenue comes from taxes.

The total cost of all programs and services was \$82,122,657; 55% of these costs are for direct student services, which include: instruction; instructional resources; guidance and counseling; social services; health services and co-curricular activities.

Governmental Activities

For the year ending August 31, 2023, the Board of Trustees adopted a Maintenance & Operating tax rate of \$.9603 and an Interest & Sinking tax rate of \$0.25 cents.

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Table A-2
Changes in the District's Net Assets

	Governmental Activities		Total Change
	2023	2022	
Program Revenues:			
Charges for Services	\$ 485,642	\$ 455,781	\$ 29,861
Operating Grants and Contributions	12,506,281	9,490,481	3,015,800
General Revenues			
Property Taxes	64,697,914	61,221,223	3,476,691
State Aid – Formula	23,118,498	11,338,352	11,780,146
Investment Earnings	9,004,436	1,300,016	7,704,420
Chapter 313 Payments	40,144,701	22,281,177	17,863,524
Other	774,875	177,472	597,403
Total Revenues	<u>150,732,347</u>	<u>106,264,502</u>	<u>44,467,845</u>
Instruction	38,522,298	35,891,655	2,630,643
Instructional Resources and Media Services	495,898	583,738	(87,840)
Curriculum Dev. And Instructional Staff Dev.	2,209,605	1,470,289	739,316
Instructional Leadership	1,292,496	1,098,226	194,270
School Leadership	3,632,071	3,321,928	310,143
Guidance, Counseling and Evaluation Services	2,021,697	1,928,789	92,908
Social Work Services	310,043	282,803	27,240
Health Services	700,722	630,672	70,050
Student (Pupil) Transportation	1,813,171	1,347,400	465,771
Food Services	4,290,614	3,570,386	720,228
Curricular/Extracurricular Activities	2,999,733	2,709,506	290,227
General Administration	4,019,913	3,548,026	471,887
Plant Maintenance & Oper.	9,635,276	9,668,421	(33,145)
Security & Monitoring Svcs.	911,119	672,494	238,625
Data Processing Services	1,888,589	1,641,534	247,055
Community Services	29,094	5,236	23,858
Debt Service	6,404,746	6,890,744	(485,998)
Capital Outlay	178,601	199,975	(21,374)
Other Intergovernmental Charges	766,971	752,525	14,446
Total Expenses	<u>82,122,657</u>	<u>76,214,347</u>	<u>5,908,310</u>
Changes in Net Position	68,609,690	30,050,155	38,559,535
Net Position Beginning	161,393,828	131,343,673	30,050,155
Ending Net Assets	<u>\$ 230,003,518</u>	<u>\$ 161,393,828</u>	<u>\$ 68,609,690</u>

Table A-3 presents the cost of each of the District's largest functions.

- The cost of all *governmental* activities this year was \$82,122,657.
- However, the amount that our taxpayers paid for these activities through property taxes was \$64,697,914.
- Some of the cost was paid by those who directly benefited from the programs; \$485,642 or
- By operating grants and contributions \$12,506,281.

Table A-3
Net Cost of Selected District Functions
(in actual dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2023	2022		2023	2022	
Instruction	\$ 38,522,298	\$ 35,891,655	6.83%	33,038,363	\$ 32,172,054	2.62%
School Leadership	3,632,071	3,321,928	8.54%	3,291,986	3,079,457	6.46%
Plant Maintenance & Operations	9,635,276	9,668,421	-0.34%	8,918,514	8,913,612	0.05%
Debt Service	6,404,746	6,890,744	-7.59%	6,302,391	6,873,834	-9.07%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$152,539,577, an increase of 27.96% over the preceding year of \$109,897,058. The increase in revenue was due primarily to: 1) Chapter 313 limitation agreement revenue protection and supplemental payments, 2) State-aid formula transition grant, 3) COVID-19 federal relief funding, and Interest & Sinking funding infusion due to the annual property value increase.

General Fund Budgetary Highlights

All revenue sources were above the final budget by \$18,453,195. Over the course of the year, the District revised its budget. Even with these adjustments, actual expenditures were \$65,166,895 below final budget amounts. Areas that were significantly less than budget were primarily capital outlay allocations due to projects ongoing after the closing of the fiscal year. During the 2022-2023 the budget was supplemented with fund balance to support capital improvement projects such as the All-Purpose Practice Facility, Roof Replacement Projects, and other deferred maintenance initiatives. Our G-PISD staff is committed to annually ensuring cost-effective and efficient operations aligned with the district vision, mission, and goals.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had invested a net \$248,288,244 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions, construction in progress, depreciation and adjustments) of \$37,946,696.

Table A-4
District's Capital Assets

	Governmental Activities		Change 2023-2022
	2023	2022	
Land	\$ 4,106,096	\$ 4,106,096	\$ -
Construction in Progress	58,463,712	23,527,964	34,935,748
Buildings and improvements	218,328,273	210,388,684	7,939,589
Furniture and Equipment	18,380,238	17,016,289	1,363,949
Totals at historical cost	<u>299,278,319</u>	<u>255,039,033</u>	<u>44,239,286</u>
Total accumulated depreciation	<u>50,990,075</u>	<u>44,697,485</u>	<u>6,292,590</u>
Net capital assets	<u>\$ 248,288,244</u>	<u>\$ 210,341,548</u>	<u>\$ 37,946,696</u>

More detailed information about the District's capital assets is presented in Note 1 to the financial statements.

Long Term Debt

At year-end the District had \$319,090,000 bonds outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the Notes to the Financial Statements.

	Governmental Activities	
	2023	2022
Premium	\$ 34,061,476	\$ 21,999,825
Bonds payable	319,090,000	185,195,000
Notes Payable	80,808	38,488
Pension Payable	18,633,545	7,282,543
OPEB Liability	9,860,399	14,763,406
Total Long Term Debt	<u>\$ 381,726,228</u>	<u>\$ 229,279,262</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Factors taken into consideration during budget planning include the following:

- Appraised value used for the 2023-24 budget preparation increased by \$135 Million for Maintenance & Operations, or 4.5% from the prior year estimated value.
- Anticipating an average daily attendance (ADA) of 4,662
- General operating fund spending per student in average daily attendance increases in the 2023-24 budget from \$14,000 to \$14,200
- Increasing starting Teacher Salary to \$61,500 to maintain the highest starting salary in region 2
- Needs assessments conducted by Campus, Department, and District Leaders

Amounts available for appropriation in the 2023-24 general fund budget are \$79.2 million, a decrease of 8% from the original 2022-23 budget of \$86.4 million. Total local revenue for the general fund is projected to decrease by approximately \$11.4 million primarily due to Chapter 313 agreements. State revenue sources are expected to increase \$4.2 million from the amount budgeted for the prior year.

The district is collecting tax revenue loss and supplemental payments due to Chapter 313 agreements taking effect. These payments will continue to provide support to the fund balance through approximately 2027. Furthermore, effective January 1, 2023, the Texas legislature passed House Bill 5, Chapter 403 as a replacement of the Chapter 313 tax code plan which expired on December 31, 2022.

For the 2023-24 fiscal year, the school-district was notified by the Texas Education Agency (TEA) that the district's Tier One local share under the TEC, §48.256, will exceed the district's entitlement under the TEC, §48.266(a)(1), less the district's distribution from the state available school fund, and/or the district's Tier Two local share described by the TEC, §48.266(a)(5)(B), will exceed the amount described by the TEC, §48.202(a-1)(2), for school year 2023-2024, also known as a property wealthy Chapter 49 school-district. TEA estimates an excess revenue amount of \$987,229. The district selected to purchase average daily attendance credit to reduce the local revenue level.

General fund expenditures are budgeted to increase nearly 4.2% from \$63.5 million to \$66.2 million. The district's largest budget item remains payroll. For the 2023-2024 school year, the Board of Trustees approved a 2% raise from mid-point for teachers, nurses, and librarians. Additionally, an average of a 1% raise from mid-point was approved for paraprofessionals, clerical, auxiliary, and administrators.

The district's expenditures continue to increase due to competitive salary increases, curriculum needs, security needs, aging facilities, and increasing costs due to inflation and the continued impact on rising market prices across all industries. Unfinished maintenance projects will also be budgeted and completed in 2023-24.

The school board has supported senior District management and has assured stability in financial management. The district uses conservative principles to manage financial activities when it comes to projected annual enrollment and/or increases to annual property valuations to ensure that budgets remain within projected revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate 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 Assistant Superintendent for Business-Finance & Operations.

Basic Financial Statements

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2023

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 365,019,019
1225	Property Taxes Receivable (Net)	649,738
1240	Due from Other Governments	11,490,479
1290	Other Receivables (Net)	27,218
1300	Inventories	191,211
1410	Unrealized Expenses	1,528,060
Capital Assets:		
1510	Land	4,106,096
1520	Buildings and Improvements, Net	176,483,368
1530	Furniture and Equipment, Net	9,235,068
1580	Construction in Progress	58,463,712
1000	Total Assets	<u>627,193,969</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	Deferred Outflow of Resources - Undesignated	(444,575)
	Deferred Outflow Related to Pensions	9,285,646
	Deferred Outflow Related to OPEB	6,527,302
1700	Total Deferred Outflows of Resources	<u>15,368,373</u>
LIABILITIES:		
2110	Accounts Payable	7,804,236
2140	Interest Payable	265,630
2165	Accrued Liabilities	6,243,865
2180	Due to Other Governments	2,510
2300	Unearned Revenue	179,763
Noncurrent Liabilities:		
2501	Due Within One Year	24,808,734
2502	Due in More Than One Year	328,423,550
2540	Net Pension Liability	18,633,545
2545	Net OPEB Liability	9,860,399
2000	Total Liabilities	<u>396,222,232</u>
DEFERRED INFLOWS OF RESOURCES:		
	Deferred Inflow Related to Pensions	1,271,575
	Deferred Inflow Related to OPEB	15,065,017
2600	Total Deferred Inflows of Resources	<u>16,336,592</u>
NET POSITION:		
3200	Net Investment in Capital Assets	105,004,350
Restricted For:		
3820	Federal and State Programs	1,175,992
3850	Debt Service	1,759,316
3870	Campus Activities	306,142
3900	Unrestricted	121,757,718
3000	Total Net Position	<u>\$ 230,003,518</u>

The accompanying notes are an integral part of this statement.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 38,522,298	\$ 16,747	\$ 5,467,188	\$ (33,038,363)	
12	Instructional Resources and Media Services	495,898	225	44,258	(451,415)	
13	Curriculum and Staff Development	2,209,605	859	430,818	(1,777,928)	
21	Instructional Leadership	1,292,496	480	619,024	(672,992)	
23	School Leadership	3,632,071	1,649	338,436	(3,291,986)	
31	Guidance, Counseling, and Evaluation Services	2,021,697	832	354,838	(1,666,027)	
32	Social Work Services	310,043	143	32,820	(277,080)	
33	Health Services	700,722	319	59,410	(640,993)	
34	Student Transportation	1,813,171	726	159,188	(1,653,257)	
35	Food Service	4,290,614	255,449	3,404,760	(630,405)	
36	Cocurricular/Extracurricular Activities	2,999,733	190,758	149,999	(2,658,976)	
41	General Administration	4,019,913	1,840	268,522	(3,749,551)	
51	Facilities Maintenance and Operations	9,635,276	14,461	702,301	(8,918,514)	
52	Security and Monitoring Services	911,119	328	57,925	(852,866)	
53	Data Processing Services	1,888,589	805	98,445	(1,789,339)	
61	Community Services	29,094	9	1,362	(27,723)	
72	Interest on Long-term Debt	5,227,011	--	102,355	(5,124,656)	
73	Bond Issuance Costs and Fees	1,177,735	--	--	(1,177,735)	
81	Capital Outlay	178,601	12	214,632	36,043	
99	Other Intergovernmental Charges	766,971	--	--	(766,970)	
TG	Total Governmental Activities	<u>82,122,657</u>	<u>485,642</u>	<u>12,506,281</u>	<u>(69,130,733)</u>	
TP	Total Primary Government	<u>\$ 82,122,657</u>	<u>\$ 485,642</u>	<u>\$ 12,506,281</u>	<u>(69,130,734)</u>	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				29,311,381	
DT	Property Taxes, Levied for Debt Service				35,386,533	
IE	Investment Earnings				9,004,436	
GC	Grants and Contributions Not Restricted to Specific Programs				23,118,498	
	Chapter 313 Payments				40,144,701	
MI	Miscellaneous				774,875	
TR	Total General Revenues				<u>137,740,424</u>	
CN	Change in Net Position				68,609,690	
NB	Net Position - Beginning				161,393,828	
NE	Net Position - Ending				<u>\$ 230,003,518</u>	

The accompanying notes are an integral part of this statement.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund
ASSETS:		
1110 Cash and Cash Equivalents	\$ 143,041,241	\$ 1,562,943
1225 Taxes Receivable, Net	516,359	133,379
1240 Due from Other Governments	8,148,710	11,824
1260 Due from Other Funds	2,856,884	186,299
1290 Other Receivables	27,029	--
1300 Inventories	3,200	--
1410 Unrealized Expenditures	1,521,194	--
1000 Total Assets	<u>156,114,617</u>	<u>1,894,445</u>
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	\$ 2,162,223	\$ --
2150 Payroll Deductions and Withholdings	33,614	--
2160 Accrued Wages Payable	3,660,571	--
2170 Due to Other Funds	4,074,724	--
2180 Due to Other Governments	760	1,750
2200 Accrued Expenditures	162,223	--
2300 Unearned Revenue	2,071	--
2000 Total Liabilities	<u>10,096,186</u>	<u>1,750</u>
DEFERRED INFLOWS OF RESOURCES:		
	516,359	133,379
2600 Total Deferred Inflows of Resources	<u>516,359</u>	<u>133,379</u>
FUND BALANCES:		
Nonspendable Fund Balances:		
3410 Inventories	3,200	--
3430 Prepaid Items	1,521,194	--
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	--	--
3480 Retirement of Long-Term Debt	--	1,759,316
3490 Other Restrictions of Fund Balance	--	--
Committed Fund Balances:		
3510 Construction	61,940,397	--
Assigned Fund Balances:		
3550 Construction	20,000,000	--
3560 Claims and Judgments	500,000	--
3590 Other Assigned Fund Balance	28,010,909	--
3600 Unassigned	33,526,372	--
3000 Total Fund Balances	<u>145,502,072</u>	<u>1,759,316</u>
4000 Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 156,114,617</u>	<u>\$ 1,894,445</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 Capital Projects	onmf Other Governmental Funds	98 Total Governmental Funds
\$ 217,129,783	\$ (1,481,689)	\$ 360,252,278
--	--	649,738
--	3,329,945	11,490,479
3,943,266	497,402	7,483,851
--	189	27,218
--	188,011	191,211
--	6,866	1,528,060
<u>221,073,049</u>	<u>2,540,724</u>	<u>381,622,835</u>
\$ 5,256,454	\$ 374,376	\$ 7,793,053
--	--	33,614
--	--	3,660,571
2,338,311	474,648	6,887,683
--	--	2,510
2,200,455	--	2,362,678
--	177,692	179,763
<u>9,795,220</u>	<u>1,026,716</u>	<u>20,919,872</u>
--	--	649,738
--	--	649,738
--	188,012	191,212
--	--	1,521,194
--	1,002,451	1,002,451
--	--	1,759,316
211,277,829	17,403	211,295,232
--	--	61,940,397
--	--	20,000,000
--	--	500,000
--	306,142	28,317,051
--	--	33,526,372
<u>211,277,829</u>	<u>1,514,008</u>	<u>360,053,225</u>
<u>\$ 221,073,049</u>	<u>\$ 2,540,724</u>	<u>\$ 381,622,835</u>

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2023

Total fund balances - governmental funds balance sheet	\$ 360,053,225
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	248,288,244
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	649,738
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	3,972,389
Payables for bond principal which are not due in the current period are not reported in the funds.	(319,090,000)
Payables for debt interest which are not due in the current period are not reported in the funds.	(265,630)
Payables for notes which are not due in the current period are not reported in the funds.	(80,808)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	(444,575)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(18,633,545)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(1,271,575)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	9,285,646
Bond premiums are amortized in the SNA but not in the funds.	(34,061,476)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(9,860,399)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(15,065,017)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	6,527,302
Rounding difference	<u>(1)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 230,003,518</u>

The accompanying notes are an integral part of this statement.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 Local and Intermediate Sources	\$ 76,278,271	\$ 35,671,966
5800 State Program Revenues	27,767,019	102,355
5900 Federal Program Revenues	834,556	--
5020 Total Revenues	<u>104,879,846</u>	<u>35,774,321</u>
EXPENDITURES:		
Current:		
0011 Instruction	33,199,931	--
0012 Instructional Resources and Media Services	462,742	--
0013 Curriculum and Staff Development	1,735,594	--
0021 Instructional Leadership	973,619	--
0023 School Leadership	3,396,610	--
0031 Guidance, Counseling, and Evaluation Services	1,682,631	--
0032 Social Work Services	290,154	--
0033 Health Services	643,775	--
0034 Student Transportation	1,508,679	--
0035 Food Service	3,738	--
0036 Cocurricular/Extracurricular Activities	2,396,598	--
0041 General Administration	3,721,511	--
0051 Facilities Maintenance and Operations	8,551,489	--
0052 Security and Monitoring Services	661,163	--
0053 Data Processing Services	1,628,762	--
0061 Community Services	15,990	--
0071 Principal on Long-term Debt	46,319	29,610,000
0072 Interest on Long-term Debt	3,870	6,640,763
0073 Bond Issuance Costs and Fees	--	3,100
0081 Capital Outlay	6,709,200	--
0099 Other Intergovernmental Charges	766,970	--
6030 Total Expenditures	<u>68,399,345</u>	<u>36,253,863</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>36,480,501</u>	<u>(479,542)</u>
Other Financing Sources and (Uses):		
7911 Capital-Related Debt Issued (Regular Bonds)	--	--
7914 Issuance of Non-Current Debt	61,016	--
7915 Transfers In	--	--
7916 Premium or Discount on Issuance of Bonds	--	--
8911 Transfers Out	(4,296)	--
8949 Other Uses	(279,941)	(72,824)
7080 Total Other Financing Sources and (Uses)	<u>(223,221)</u>	<u>(72,824)</u>
1200 Net Change in Fund Balances	36,257,280	(552,366)
0100 Fund Balances - Beginning	109,244,792	2,311,682
3000 Fund Balances - Ending	<u>\$ 145,502,072</u>	<u>\$ 1,759,316</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

60 Capital Projects	onmf Other Governmental Funds	98 Total Governmental Funds
\$ 2,624,598	\$ 780,780	\$ 115,355,615
--	1,076,341	28,945,715
--	7,403,691	8,238,247
<u>2,624,598</u>	<u>9,260,812</u>	<u>152,539,577</u>
198,799	3,244,652	36,643,382
--	12,783	475,525
--	330,153	2,065,747
--	249,062	1,222,681
--	86,638	3,483,248
--	219,161	1,901,792
--	5,478	295,632
--	14,609	658,384
422,680	48,624	1,979,983
135,105	4,018,436	4,157,279
35,725	375,355	2,807,678
--	45,653	3,767,164
861,394	277,816	9,690,699
328,873	22,756	1,012,792
171,481	18,261	1,818,504
--	10,990	26,980
--	--	29,656,319
--	--	6,644,633
1,174,635	--	1,177,735
35,454,841	526,873	42,690,914
--	--	766,970
<u>38,783,533</u>	<u>9,507,300</u>	<u>152,944,041</u>
<u>(36,158,935)</u>	<u>(246,488)</u>	<u>(404,464)</u>
163,505,000	--	163,505,000
--	--	61,016
--	346,669	346,669
13,469,635	--	13,469,635
--	--	(4,296)
--	--	(352,765)
<u>176,974,635</u>	<u>346,669</u>	<u>177,025,259</u>
<u>140,815,700</u>	<u>100,181</u>	<u>176,620,795</u>
70,462,129	1,413,827	183,432,430
<u>\$ 211,277,829</u>	<u>\$ 1,514,008</u>	<u>\$ 360,053,225</u>

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2023

Net change in fund balances - total governmental funds	\$ 176,620,795
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	44,239,286
The depreciation of capital assets used in governmental activities is not reported in the funds.	(6,292,590)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	158,417
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	29,610,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	46,319
(Increase) decrease in accrued interest from beginning of period to end of period.	37,431
The net revenue (expense) of internal service funds is reported with governmental activities.	205,078
Special termination benefits are reported as the amount earned in the SOA but as the amount paid in the funds.	(27,793)
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(88,639)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(163,505,000)
Bond premiums are reported in the funds but not in the SOA.	(12,061,651)
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(1,270,723)
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	938,759
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	938,759
Rounding difference	1
Change in net position of governmental activities - Statement of Activities	<u>\$ 68,609,690</u>

The accompanying notes are an integral part of this statement.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND

AUGUST 31, 2023

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	ASSETS:	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 4,766,742
	Total Current Assets	<u>4,766,742</u>
1000	Total Assets	<u>4,766,742</u>
	LIABILITIES:	
	Current Liabilities:	
2110	Accounts Payable	\$ 11,183
2170	Due to Other Funds	596,168
2200	Accrued Expenses	187,002
	Total Current Liabilities	<u>794,353</u>
2000	Total Liabilities	<u>794,353</u>
	NET POSITION:	
3900	Unrestricted	3,972,389
3000	Total Net Position	<u>\$ 3,972,389</u>

The accompanying notes are an integral part of this statement.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - INTERNAL SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	OPERATING REVENUES:	
5700	Local and Intermediate Sources	\$ 729,867
5020	Total Revenues	<u>729,867</u>
	OPERATING EXPENSES:	
6400	Other Operating Costs	257,018
6030	Total Expenses	<u>257,018</u>
	Operating Income (Loss)	<u>472,849</u>
	NON-OPERATING REVENUES (EXPENSES):	
7955	Earnings from Temp. Deposits and Investments	74,602
8030	Total Non-operating Revenues (Expenses)	<u>74,602</u>
	Income (Loss) before Contributions and Transfers	547,451
8911	Transfers Out	<u>(342,373)</u>
1300	Change in Net Position	205,078
0100	Total Net Position - Beginning	3,767,311
3300	Total Net Position - Ending	<u>\$ 3,972,389</u>

The accompanying notes are an integral part of this statement.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2023

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ --
Cash Received from Grants	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	729,867
Cash Payments to Employees for Services	--
Cash Payments to Other Suppliers for Goods and Services	304,647
Cash Payments for Grants to Other Organizations	--
Other Operating Cash Receipts (Payments)	--
Net Cash Provided (Used) by Operating Activities	<u>1,034,514</u>
Cash Flows from Non-capital Financing Activities:	
Transfers From (To) Primary Government	--
Transfers From (To) Other Funds	(342,373)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(342,373)</u>
Cash Flows from Capital and Related Financing Activities:	
Contributed Capital	--
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>--</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	74,602
Net Cash Provided (Used) for Investing Activities	<u>74,602</u>
Net Increase (Decrease) in Cash and Cash Equivalents	766,743
Cash and Cash Equivalents at Beginning of Year	3,999,999
Cash and Cash Equivalents at End of Year	<u>\$ 4,766,742</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 472,849
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	--
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	--
Increase (Decrease) in Accounts Payable	3,223
Increase (Decrease) in Interfund Payables	558,442
Increase (Decrease) in Due to Other Governments	--
Increase (Decrease) in Accrued Expenses	--
Total Adjustments	<u>561,665</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,034,514</u>

The accompanying notes are an integral part of this statement.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2023

Data Control Codes		<u>Custodial Fund</u>
<u>ASSETS:</u>		<u>Student Activity</u>
1110	Cash and Cash Equivalents	\$ 212,543
1000	Total Assets	<u>212,543</u>
<u>LIABILITIES:</u>		<u>Student Activity</u>
2000	Total Liabilities	<u>--</u>
<u>NET POSITION:</u>		<u>Student Activity</u>
3800	Restricted for Other Purposes	\$ 212,543
3000	Total Net Position	<u>\$ 212,543</u>

The accompanying notes are an integral part of this statement.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2023

	Custodial Funds
ADDITIONS:	
Investment Income	\$ 13,213
Miscellaneous	22,781
Student Club Fees	151,515
Contributions from Foundations, Gifts and Bequests	35,176
Student Group Fundraising Activities	236,321
Total Additions	<u>459,006</u>
DEDUCTIONS:	
Student Scholarships	3,000
Other Operating Expenses	531,695
Total Deductions	<u>534,695</u>
Change in Fiduciary Net Position	(75,689)
Net Position-Beginning of the Year	288,232
Net Position-End of the Year	<u>\$ 212,543</u>

The accompanying notes are an integral part of this statement.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

A. Summary of Significant Accounting Policies

The basic financial statements of Gregory-Portland Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

Debt Service Fund: This fund is used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Capital Projects Fund: This fund is used to account for construction activities.

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of the fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. 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. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

	General Fund	Debt Service Fund	Total
Property Taxes Receivable	\$ 837,389	\$ 198,642	\$ 1,036,031
Allowance for Uncollectible Amounts	(321,030)	(65,263)	(386,293)
Property Taxes Receivable, Net	\$ 516,359	\$ 133,379	\$ 649,738

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon 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.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Vehicles	10
Furniture and Equipment	10

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

In addition to liabilities, the statements 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

g. Compensated Absences

On retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in a lump case payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

j. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

k. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

l. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

m. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. 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 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.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

5. 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.

6. Implementation of New Standards

In the current fiscal year, the District did not implement any new standards from the Governmental Accounting Standards Board (GASB).

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The District implemented this Statement during the current year.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

1. Cash Deposits:

At August 31, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$18,156,866 and the bank balance was \$19,201,228. The District's cash deposits at August 31, 2023 and during the year ended August 31, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at August 31, 2023 are included in cash equivalents and are shown below.

Investment Type	<u>Investment Maturities (In Years)</u>			
	Fair Value	Less than 1	1 to 2	2 to 3
Investment Pools:				
Investment in TexPool	3,380,088	3,380,088	--	--
Investment in Lone Star Pool	343,694,612	343,694,612	--	--
Total Fair Value	\$ 347,074,700	\$ 347,074,700	\$ --	\$ --

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

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

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 4,106,096	\$ --	\$ --	\$ 4,106,096
Construction in progress	23,527,964	42,400,834	7,465,086	58,463,712
Total capital assets not being depreciated	<u>27,634,060</u>	<u>42,400,834</u>	<u>7,465,086</u>	<u>62,569,808</u>
Capital assets being depreciated:				
Buildings and improvements	210,388,684	7,939,589	--	218,328,273
Equipment	12,938,003	597,705	--	13,535,708
Vehicles	4,078,286	766,244	--	4,844,530
Total capital assets being depreciated	<u>227,404,973</u>	<u>9,303,538</u>	<u>--</u>	<u>236,708,511</u>
Less accumulated depreciation for:				
Buildings and improvements	(37,005,503)	(4,839,402)	--	(41,844,905)
Equipment	(5,326,165)	(1,119,737)	--	(6,445,902)
Vehicles	(2,365,817)	(333,451)	--	(2,699,268)
Total accumulated depreciation	<u>(44,697,485)</u>	<u>(6,292,590)</u>	<u>--</u>	<u>(50,990,075)</u>
Total capital assets being depreciated, net	<u>182,707,488</u>	<u>3,010,948</u>	<u>--</u>	<u>185,718,436</u>
Governmental activities capital assets, net	<u>\$ 210,341,548</u>	<u>\$ 45,411,782</u>	<u>\$ 7,465,086</u>	<u>\$ 248,288,244</u>

Depreciation was charged to functions as follows:

Instruction	\$ 3,165,312
Instructional Resources and Media Services	40,143
Curriculum and Staff Development	179,089
Instructional Leadership	104,576
School Leadership	293,739
Guidance, Counseling, & Evaluation Services	163,537
Social Work Services	24,997
Health Services	56,720
Student Transportation	333,451
Food Services	349,311
Extracurricular Activities	243,491
General Administration	325,849
Plant Maintenance and Operations	782,595
Security and Monitoring Services	74,024
Data Processing Services	153,390
Community Services	2,366
	<u>\$ 6,292,590</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Balances due to and due from other funds at August 31, 2023, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	174,835	Short-term loans
General Fund	Capital Projects Fund	1,629,811	Capital projects expenditures
General Fund	Internal Service Fund	253,795	Short-term loans
General Fund	General Fund (Clearing)	798,443	Short-term loans
Debt Service Fund	General Fund	179,775	Short-term loans
Debt Service Fund	Capital Projects Fund	6,524	Short-term loans
Capital Projects Fund	Capital Projects Fund	701,976	Capital projects expenditures
Capital Projects Fund	General Fund	2,941,477	Capital projects expenditures
Capital Projects Fund	Other Governmental Funds	299,813	Short-term loans
Other Governmental Funds	Internal Service Fund	342,373	Short-term loans
Other Governmental Funds	General Fund	155,029	Short-term loans
	Total	<u>\$ 7,483,851</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2023, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Other Governmental Funds	Debt service fund	\$ 4,296	Supplement other funds sources
Internal Service Fund	Other Governmental Funds	342,373	Supplement other funds sources
	Total	<u>\$ 346,669</u>	

F. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
2015 Unlimented Tax School Building Bonds 3.25% to 5%	\$ 11,005,000		\$ 375,000	\$ 10,630,000	\$ 390,000
2016 Unlimented Tax School Building Bonds 3% to 4.55%	8,490,000		295,000	8,195,000	310,000
2018 Unlimented Tax School Building Bonds 2% to 5%	27,700,000		835,000	26,865,000	875,000
2018A Unlimented Tax School Building Bonds 4% to 5.25%	23,080,000		20,970,000	2,110,000	815,000
2019 Unlimented Tax Refunding Bonds 3% to 4%	16,295,000		1,915,000	14,380,000	1,985,000
2021A Unlimented Tax School					

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Building Bonds 2% to 5%	93,320,000		5,220,000	88,100,000	4,820,000
2021B Unlimited Tax School Building Bonds 3% to 4%	5,305,000		--	5,305,000	--
2023 Unlimited Tax School Building Bonds 4% to 5%		163,505,000	--	163,505,000	15,575,000
Total Bonds	<u>185,195,000</u>	<u>163,505,000</u>	<u>29,610,000</u>	<u>319,090,000</u>	<u>24,770,000</u>
Bond Premiums	21,999,825	13,469,635	1,407,984	34,061,476	
Loans 7.12%	<u>38,488</u>	<u>88,639</u>	<u>46,319</u>	<u>80,808</u>	<u>38,734</u>
Total governmental activities	<u>\$ 207,233,313</u>	<u>\$ 177,063,274</u>	<u>\$ 31,064,303</u>	353,232,284	<u>\$ 24,808,734</u>
Due Within One Year				(24,808,734)	
Due in More Than One Year				<u>\$ 328,423,550</u>	
Net Pension Liability	<u>\$ 7,282,543</u>	<u>\$ 11,351,002</u>	<u>\$</u>	<u>\$ 18,633,545</u>	
Net OPEB Liability	<u>\$ 14,763,406</u>	<u>\$</u>	<u>\$ 4,903,007</u>	<u>\$ 9,860,399</u>	

* Other long-term liabilities presented with net increase / decrease amounts

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General Fund
Claims and judgments	Governmental	General Fund
Net Pension Liability *	Governmental	General Fund

2 Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2023, are as follows:

Year Ending August 31,	Governmental Activities		
	Bonds Principal	Interest	Total
2024	\$ 24,770,000	12,905,012	37,675,012
2025	12,435,000	12,333,588	24,768,588
2026	13,165,000	11,723,288	24,888,288
2027	13,905,000	11,076,862	24,981,862
2028	13,470,000	10,424,112	23,894,112
2029-2033	68,755,000	42,848,006	111,603,006
2034-2038	79,635,000	26,197,550	105,832,550
2039-2043	92,955,000	8,591,938	101,546,938
Totals	<u>\$ 319,090,000</u>	<u>\$ 136,100,356</u>	<u>\$ 455,190,356</u>

Advance Refunding of Debt

[GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2023, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

The District has \$31,320,000 in defeased bonds outstanding at August 31, 2023'

3. **Loan Payable**

|During 2019, the District entered into a loan agreement to purchase copy machines at a cost of \$183,483. The |District has a purchase option price of \$1 at the end of the loan. Payments are due on the 6th of every month for a |period of 48 months.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Xerox Machines 7.12%	\$ 38,488	\$ 88,639	\$ 46,319	\$ 80,808	\$

Future combined minimum loan payments to be paid by the General Fund are as follows:

	Principal	Interest	Total
2024	38,734	4,255	42,989
2025	11,929	2,611	14,540
2026	12,806	1,734	14,540
2027	13,748	792	14,540
2028	3,591	43	3,634
	80,808	9,435	90,243

G. **Risk Management**

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. **Pension Plan**

1. **Plan Description**

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

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) 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.

4. Contributions

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

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

	<u>Contribution Rates</u>	
	2022	2023
Member	8.0%	8.0%
Non-Employer Contributing Entity (State)	7.75%	8.0%
Employers	7.75%	8.0%
District's 2023 Employer Contributions		\$ 1,633,691
District's 2023 Member Contributions		\$ 3,534,496
2022 NECE On-Behalf Contributions (State)		\$ 2,169,741

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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

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

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

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

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

5. Actuarial Assumptions

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

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91% *
Last year ending August 31 in Projection Period	2121
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

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

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions, please see the actuarial valuation report dated November 9, 2021.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

6. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 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 expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized below:

Asset Class *	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	(6.0%)	3.6%	(0.05)%
Inflation Expectation			2.70%
Volatility Drag ****			(0.91)%
Expected Return	<u>100.0%</u>		<u>8.19%</u>

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

* Absolute Return includes Credit Sensitive Investments.
 ** Target allocations are based on the FY2022 policy model.
 *** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022)
 **** The volatility drag results from the conversion between arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 28,986,731	\$ 18,633,545	\$ 10,241,802

8. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2023, the District reported a liability of \$18,633,545 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 18,633,545
State's proportionate share that is associated with District	27,604,758
Total	\$ 46,238,303

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

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0313868157 percent which was an increase (decrease) of 0.0027902135 percent from its proportion measured as of August 31, 2021.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2023, the District recognized pension expense of \$2,638,702 and revenue of \$2,638,702 for support provided by the State.

At August 31, 2023, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 270,185	\$ 406,247
Changes in Actuarial Assumptions	3,472,036	865,328
Difference Between Projected and Actual Investment Earnings	1,840,934	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	2,068,800	--
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	1,633,691	--
Total	\$ 9,285,646	\$ 1,271,575

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

Year ended August 31,	Pension Expense Amount
2024	\$ 1,875,201
2025	\$ 1,197,212
2026	\$ 499,103
2027	\$ 2,367,055
2028	\$ 441,809
Thereafter	\$ --

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

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

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

TRS-Care provides 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.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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 Premium Rates		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

4. Contributions

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

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of Salary. Section 1575.204 establishes a public school 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 employer. The actual public school 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.

Contribution Rates	
	<u>2023</u>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding remitted by Employers	1.25%

District's 2023 Employer Contributions	\$ 357,519
District's 2023 Member Contributions	\$ 287,376
2022 NECE On-Behalf Contributions (state)	\$ 412,596

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

5. Actuarial Assumptions

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

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. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

The initial medical trend rates were 8.50 percent for Medicare retirees and 7.10 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50 percent for all retirees. The initial trend rates decrease to an an ultimate trend rate of 4.25 percent over a period of 12 years.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2023

6. Discount Rate

A single discount rate of 3.91 percent was used to measure the Total OPEB Liability. This was an increase of 1.96 percent in the discount rate since the previous year. Since the plan is 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, 2022 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's proportionate share of the Net OPEB Liability:	\$ 11,626,193	\$ 9,860,399	\$ 8,429,880

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

At August 31, 2023, the District reported a liability of \$934,181 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	\$ 9,860,399
State's proportionate share that is associated with the District	\$ 12,028,138
Total	\$ 21,888,537

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

At August 31, 2023 the District's proportion of the collective net OPEB liability was 0.0411810772, compared compared to prior year which was an increase (decrease) of 0.0029085960% from its proportion measured at August 31, 2021.

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 8,125,013	\$ 9,860,399	\$ 12,110,104

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

9. 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 was changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

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

The amount of OPEB expense recognized by the District in the reporting period was \$(1,706,890).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 548,203	\$ 8,214,598
Changes in actuarial assumptions	1,501,934	6,850,419
Difference between projected and actual investment earnings	29,372	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	4,090,274	--
Contributions paid to TRS subsequent to the measurement date	357,519	
Total	\$ 6,527,302	\$ 15,065,017

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

Year ended August 31:	OPEB Expense Amount
2024	\$ (1,708,071)
2025	\$ (1,707,965)
2026	\$ (1,289,822)
2027	\$ (723,721)
2028	\$ (1,140,283)
Thereafter	\$ (2,325,372)

For the year ended August 31, 2023, the District recognized OPEB expense of \$(1,706,890) and revenue of \$(1,706,890) for support provided by the State.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

10. Medicare Part D Subsidies

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. For the fiscal year ended August 31, 2023, the subsidy payment received by TRS-Care on behalf of the District was \$238,493.

J. Employee Health Care Coverage

During the year ended August 31, 2023, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$325 per pay period per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the are available for the year ended , have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

The District participates in 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, refunds of any money received may be required and the collectibility of any related receivable 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 basic financial statements for such contingencies.

L. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through August 31, 2023 ((the date of the Audit Report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles.

M. Tax Abatement Agreements

The Gregory-Portland ISD Board of Trustees has approved agreements with various companies for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

In order to qualify for a value limitation agreement, each applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the projects. The applications, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>.

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that a company terminates this Agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Sec 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Sec. 33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

Below is the abatement information that is required by GASB Statement No. 77 for M&O purposes. It includes the net benefit to the District but does not include any I&S impact.

	< A > Project Value 2022	< B > Project's Value Limitation Amount 2022	< C > Amount of Applicant's M&O Taxes Paid 2022	< D < Amount of Applicant's M&O Taxes Reduced 2022	< E > Company Revenue Loss Payment to School District 2022	< F > Company Supplemental Payment to School District 2022	< G > Net Benefit (Loss) to the School District 2022 (E+F)
1	\$50,750,000	\$20,000,000	\$192,060	\$295,292	--	\$280,128	\$120,128
2	\$880,489,980	\$30,000,000	\$235,363	\$8,219,982	\$1,843,727	\$443,104	\$2,286,831
3	\$91,469,950	\$30,000,000	\$288,090	\$590,296	\$254,630	\$134,266	\$388,896
4	\$3,698,526,220	\$30,000,000	--	\$35,516,947	\$9,407,917	\$456,163	\$9,864,080
5	\$2,153,867,990	\$30,000,000	\$198,191	\$20,485,403	\$5,254,578	\$456,163	\$5,710,741
6	\$1,948,913,050	\$30,000,000	\$288,090	\$18,427,322	\$2,176,561	\$1,124,104	\$3,300,665
7	--	\$30,000,000	--	--	--	--	--
8	--	\$30,000,000	--	--	--	--	--
9	\$321,099,610	\$30,000,000	\$288,090	\$2,795,430	--	\$873,089	\$873,089
10	\$2,291,548,810	\$30,000,000	\$288,090	\$21,717,650	\$11,837,990	\$837,089	\$12,711,080
11	\$321,099,610	\$30,000,000	\$288,090	\$2,795,430	--	\$873,089	\$873,089

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Project Description

1. EC&R Papalote Creek Wind Farm II (Application #164), First Year Value Limitation: 2012
2. Voestalpine Texas, LLC (Application #299), First Year Value Limitation: 2016
3. Apex Midway Wind (Application #1,091), First Year Value Limitation: 2017
4. Corpus Christi Liquefaction Train 1 LLC (Application #296), First Year Value Limitation: 2020
5. Corpus Christi Liquefaction Train 2 LLC (Application #297), First Year Value Limitation: 2018
6. Corpus Christi Liquefaction Train 3 LLC (Application #298), First Year Value Limitation: 2021
7. Corpus Christi Liquefaction Train 4 (Application #1179), First Year Value Limitation: 2022
8. Corpus Christi Liquefaction Train 5 (Application #1180), First Year Value Limitation: 2023
9. SABIC US Projects LLC (Application #1154), First Year Value Limitation: 2022
10. GCGV Asset Holding LLC (Application #1155), First Year Value Limitation: 2022
11. Exxon Mobil (Application #1156), First Year Value Limitation: 2022

N. Special Item - Tax Valuation Judgment

During the fiscal year, San Patricio County Appraisal District lost lawsuits filed against them for high property tax valuations by various tax paying entities. Due to the losses of these lawsuits, during FY 2023, the District paid back overpayment of taxes in the amount of \$352,765.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

GENERAL FUND

Page 1 of 2

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 63,607,411	\$ 63,607,411	\$ 76,278,271	\$ 12,670,860
5800	State Program Revenues	22,469,240	22,469,240	27,767,019	5,297,779
5900	Federal Program Revenues	350,000	350,000	834,556	484,556
5020	Total Revenues	<u>86,426,651</u>	<u>86,426,651</u>	<u>104,879,846</u>	<u>18,453,195</u>
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	33,643,752	33,318,303	33,199,931	118,372
0012	Instructional Resources and Media Services	573,951	574,747	462,742	112,005
0013	Curriculum and Staff Development	571,435	1,756,272	1,735,594	20,678
	Total Instruction and Instr. Related Services	<u>34,789,138</u>	<u>35,649,321</u>	<u>35,398,267</u>	<u>251,054</u>
Instructional and School Leadership:					
0021	Instructional Leadership	1,961,246	1,202,544	973,619	228,925
0023	School Leadership	3,409,206	3,434,092	3,396,610	37,482
	Total Instructional and School Leadership	<u>5,370,452</u>	<u>4,636,636</u>	<u>4,370,229</u>	<u>266,407</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,632,627	1,716,532	1,682,631	33,901
0032	Social Work Services	313,275	311,229	290,154	21,075
0033	Health Services	676,262	676,262	643,775	32,487
0034	Student (Pupil) Transportation	1,391,666	2,022,466	1,508,679	513,787
0035	Food Services	--	10,000	3,738	6,262
0036	Cocurricular/Extracurricular Activities	2,190,229	2,419,632	2,396,598	23,034
	Total Support Services - Student (Pupil)	<u>6,204,059</u>	<u>7,156,121</u>	<u>6,525,575</u>	<u>630,546</u>
Administrative Support Services:					
0041	General Administration	3,741,053	3,787,106	3,721,511	65,595
	Total Administrative Support Services	<u>3,741,053</u>	<u>3,787,106</u>	<u>3,721,511</u>	<u>65,595</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	9,993,914	10,163,798	8,551,489	1,612,309
0052	Security and Monitoring Services	773,362	694,862	661,163	33,699
0053	Data Processing Services	1,753,978	1,877,976	1,628,762	249,214
	Total Support Services - Nonstudent Based	<u>12,521,254</u>	<u>12,736,636</u>	<u>10,841,414</u>	<u>1,895,222</u>
Ancillary Services:					
0061	Community Services	7,000	30,467	15,990	14,477
	Total Ancillary Services	<u>7,000</u>	<u>30,467</u>	<u>15,990</u>	<u>14,477</u>
Debt Service:					
0071	Principal on Long-Term Debt	64,286	86,245	46,319	39,926
0072	Interest on Long-Term Debt	4,315	7,356	3,870	3,486
	Total Debt Service	<u>68,601</u>	<u>93,601</u>	<u>50,189</u>	<u>43,412</u>
Capital Outlay:					
0081	Capital Outlay	--	68,666,353	6,709,200	61,957,153
	Total Capital Outlay	<u>--</u>	<u>68,666,353</u>	<u>6,709,200</u>	<u>61,957,153</u>
0099	Other Intergovernmental Charges	810,000	810,000	766,970	43,030
	Total Intergovernmental Charges	<u>810,000</u>	<u>810,000</u>	<u>766,970</u>	<u>43,030</u>

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
6030	Total Expenditures	<u>63,511,557</u>	<u>133,566,240</u>	<u>68,399,345</u>	<u>65,166,895</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>22,915,094</u>	<u>(47,139,589)</u>	<u>36,480,501</u>	<u>83,620,090</u>
	Other Financing Sources (Uses):				
7914	Issuance of Non-Current Debt	--	--	61,016	61,016
8911	Transfers Out	--	(4,295)	(4,296)	(1)
8949	Other Uses	--	(280,000)	(279,941)	59
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>(284,295)</u>	<u>(223,221)</u>	<u>61,074</u>
1200	Net Change in Fund Balance	<u>22,915,094</u>	<u>(47,423,884)</u>	<u>36,257,280</u>	<u>83,681,164</u>
0100	Fund Balance - Beginning	<u>109,244,792</u>	<u>109,244,792</u>	<u>109,244,792</u>	--
3000	Fund Balance - Ending	<u>\$ 132,159,886</u>	<u>\$ 61,820,908</u>	<u>\$ 145,502,072</u>	<u>\$ 83,681,164</u>

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS*

	Measurement Year **									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
District's proportion of the net pension liability (asset)	0.0313868157%	0.0285966022%	0.0282332837%	0.0278284410%	0.0245217880%	0.0204997752%	0.0193795699%	0.0190359000%	0.0105472000%	
District's proportionate share of the net pension liability (asset)	\$ 18,633,545	\$ 7,282,543	\$ 15,121,171	\$ 14,466,094	\$ 13,497,387	\$ 6,554,724	\$ 7,323,251	\$ 6,728,937	\$ 2,817,304	
State's proportionate share of the net pension liability (asset) associated with the District	27,604,758	11,206,000	23,437,735	21,094,958	23,569,913	14,288,418	16,571,226	15,213,710	12,757,955	
Total	\$ 46,238,303	\$ 18,488,543	\$ 38,558,906	\$ 35,561,052	\$ 37,067,300	\$ 20,843,142	\$ 23,894,477	\$ 21,942,647	\$ 15,575,259	
District's covered-employee payroll	\$ 40,693,922	\$ 35,342,577	\$ 34,092,016	\$ 30,488,027	\$ 28,546,267	\$ 26,388,900	\$ 23,894,477	\$ 21,942,647	\$ 15,575,259	
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.79%	20.61%	44.35%	47.45%	47.28%	24.84%	30.65%	30.67%	18.09%	
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%	

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

** The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 1,633,691	\$ 1,447,006	\$ 1,219,530	\$ 1,180,954	\$ 974,279	\$ 825,275	\$ 671,884	\$ 618,472	\$ 563,662	
Contributions in relation to the contractually required contribution	(1,633,691)	(1,447,006)	(1,219,530)	(1,180,954)	(974,279)	(825,275)	(671,884)	(618,472)	(563,662)	
Contribution deficiency (excess)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	
District's covered-employee payroll	\$ 44,208,462	\$ 40,693,922	\$ 35,342,577	\$ 34,092,016	\$ 30,488,027	\$ 28,546,267	\$ 26,388,900	\$ 24,637,543	\$ 22,678,134	
Contributions as a percentage of covered-employee payroll	3.27%	3.56%	3.45%	3.46%	3.20%	2.89%	2.55%	2.51%	2.49%	

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS *

	Measurement Year **				
	2022	2021	2020	2019	2017
District's proportion of the collective net OPEB liability	0.0411810772%	0.0382724812%	0.0380216361%	0.0358608826%	0.0307246887%
District's proportionate share of the collective net OPEB liability	\$ 9,860,399	\$ 14,763,406	\$ 14,453,741	\$ 16,959,050	\$ 13,361,015
State proportionate share of the collective net OPEB liability associated with the District	\$ 12,028,138	\$ 19,779,674	\$ 19,422,363	\$ 22,534,785	\$ 20,737,100
Total	\$ 21,888,537	\$ 34,543,080	\$ 33,876,104	\$ 39,493,835	\$ 34,098,115
District's covered-employee payroll	\$ 40,693,922	\$ 35,342,577	\$ 34,092,016	\$ 30,488,027	\$ 28,546,267
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	24.23%	41.77%	42.40%	55.63%	60.17%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%	2.66%	1.57%
					0.91%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

** The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year					
	2023	2022	2021	2020	2019	2018
Statutorily or contractually required District contribution	\$ 357,519	\$ 341,764	\$ 299,543	\$ 290,843	\$ 254,258	\$ 236,757
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(357,519)	(341,764)	(299,543)	(290,843)	(254,258)	(236,757)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 44,208,462	\$ 40,693,922	\$ 35,342,577	\$ 34,092,016	\$ 30,488,027	\$ 28,546,267
Contributions as a percentage of covered-employee payroll	0.81%	0.84%	0.85%	0.85%	0.83%	0.83%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only 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. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment 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.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2023

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
ASSETS:				
1110 Cash and Cash Equivalents	\$ (234,708)	\$ (969,153)	\$ (16,750)	\$ 586,224
1240 Due from Other Governments	257,729	969,153	16,750	247,725
1260 Due from Other Funds	--	--	--	342,373
1290 Other Receivables	--	--	--	--
1300 Inventories	--	--	--	188,011
1410 Unrealized Expenditures	--	--	--	--
1000 Total Assets	<u>23,021</u>	<u>--</u>	<u>--</u>	<u>1,364,333</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 14,793	\$ --	\$ --	\$ 133,932
2170 Due to Other Funds	8,228	--	--	--
2300 Unearned Revenue	--	--	--	54,409
2000 Total Liabilities	<u>23,021</u>	<u>--</u>	<u>--</u>	<u>188,341</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 Inventories	--	--	--	188,012
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	987,980
3490 Other Restrictions of Fund Balance	--	--	--	--
Assigned Fund Balances:				
3590 Other Assigned Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,175,992</u>
4000 Total Liabilities and Fund Balances	<u>\$ 23,021</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,364,333</u>

244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 Title I, Part A - ELA	279 Texas COVID Learning Acceleration (TCLAS)	282 ESSER Fund III of the American Rescue Plan Act
\$ (23,474)	\$ (135)	\$ (8,619)	\$ (149,260)	\$ (656,881)
24,587	968	9,228	149,260	650,994
--	--	--	--	5,887
--	--	--	--	--
--	--	--	--	--
<u>1,113</u>	<u>833</u>	<u>609</u>	<u>--</u>	<u>--</u>
\$ --	\$ 833	\$ 609	\$ --	\$ --
1,113	--	--	--	--
--	--	--	--	--
<u>1,113</u>	<u>833</u>	<u>609</u>	<u>--</u>	<u>--</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>1,113</u>	<u>833</u>	<u>609</u>	<u>--</u>	<u>--</u>

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2023

Data Control Codes	284 IDEA-B the American Rescue Plan Act	285 IDEA-B Preschool the American Rescue Plan Act	289 Title IV, Part A Subpart 1	397 Advanced Placement Incentives
ASSETS:				
1110 Cash and Cash Equivalents	\$ (77,031)	\$ (2,521)	\$ (17,675)	\$ 1,853
1240 Due from Other Governments	77,969	2,521	18,149	--
1260 Due from Other Funds	--	--	--	--
1290 Other Receivables	--	--	--	--
1300 Inventories	--	--	--	--
1410 Unrealized Expenditures	--	--	6,866	--
1000 Total Assets	<u>938</u>	<u>--</u>	<u>7,340</u>	<u>1,853</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ --	\$ 7,340	\$ --
2170 Due to Other Funds	938	--	--	--
2300 Unearned Revenue	--	--	--	1,780
2000 Total Liabilities	<u>938</u>	<u>--</u>	<u>7,340</u>	<u>1,780</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 Inventories	--	--	--	--
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	73
3490 Other Restrictions of Fund Balance	--	--	--	--
Assigned Fund Balances:				
3590 Other Assigned Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>73</u>
4000 Total Liabilities and Fund Balances	<u>\$ 938</u>	<u>\$ --</u>	<u>\$ 7,340</u>	<u>\$ 1,853</u>

410 State Textbook Fund	429 State Funded Special Revenue Fund	461 Campus Activity Funds	486 OxyChem	487 Spectra Energy Foundation
\$ 125,682	\$ (369,081)	\$ 306,142	\$ 355	\$ 1,000
--	904,912	--	--	--
--	149,142	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>125,682</u>	<u>684,973</u>	<u>306,142</u>	<u>355</u>	<u>1,000</u>
\$ --	\$ 216,854	\$ --	\$ --	\$ --
--	464,369	--	--	--
<u>116,473</u>	--	--	--	<u>45</u>
<u>116,473</u>	<u>681,223</u>	<u>--</u>	<u>--</u>	<u>45</u>
--	--	--	--	--
9,209	3,750	--	--	--
--	--	--	355	955
--	--	306,142	--	--
<u>9,209</u>	<u>3,750</u>	<u>306,142</u>	<u>355</u>	<u>955</u>
\$ <u>125,682</u>	\$ <u>684,973</u>	\$ <u>306,142</u>	\$ <u>355</u>	\$ <u>1,000</u>

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2023

Data Control Codes	489 <u>Lowe's</u>	490 <u>Cheniere</u>	491 <u>TAMUK / Exxon</u>
ASSETS:			
1110 Cash and Cash Equivalents	\$ 11	\$ 11,993	\$ 2
1240 Due from Other Governments	--	--	--
1260 Due from Other Funds	--	--	--
1290 Other Receivables	--	--	--
1300 Inventories	--	--	--
1410 Unrealized Expenditures	--	--	--
1000 Total Assets	<u>11</u>	<u>11,993</u>	<u>2</u>
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ --	\$ --	\$ --
2170 Due to Other Funds	--	--	--
2300 Unearned Revenue	--	--	--
2000 Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410 Inventories	--	--	--
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	--	--
3490 Other Restrictions of Fund Balance	11	11,993	2
Assigned Fund Balances:			
3590 Other Assigned Fund Balance	--	--	--
3000 Total Fund Balances	<u>11</u>	<u>11,993</u>	<u>2</u>
4000 Total Liabilities and Fund Balances	<u>\$ 11</u>	<u>\$ 11,993</u>	<u>\$ 2</u>

492 G-P Education Foundation	493 Book - A Palooza	494 Teacher of the Year	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 3,898	\$ 1,439	\$ 5,000	\$ (1,481,689)
--	--	--	3,329,945
--	--	--	497,402
189	--	--	189
--	--	--	188,011
--	--	--	6,866
<u>4,087</u>	<u>1,439</u>	<u>5,000</u>	<u>2,540,724</u>
\$ --	\$ --	\$ 15	\$ 374,376
--	--	--	474,648
--	--	4,985	177,692
<u>--</u>	<u>--</u>	<u>5,000</u>	<u>1,026,716</u>
--	--	--	188,012
--	1,439	--	1,002,451
4,087	--	--	17,403
--	--	--	306,142
<u>4,087</u>	<u>1,439</u>	<u>--</u>	<u>1,514,008</u>
<u>\$ 4,087</u>	<u>\$ 1,439</u>	<u>\$ 5,000</u>	<u>\$ 2,540,724</u>

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ 292,435
5800 State Program Revenues	--	--	--	84,289
5900 Federal Program Revenues	628,650	969,153	16,750	3,313,775
5020 Total Revenues	<u>628,650</u>	<u>969,153</u>	<u>16,750</u>	<u>3,690,499</u>
EXPENDITURES:				
Current:				
0011 Instruction	608,869	749,483	16,750	--
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	15,793	2,272	--	--
0021 Instructional Leadership	3,559	34,761	--	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, and Evaluation Services	--	182,637	--	--
0032 Social Work Services	--	--	--	--
0033 Health Services	--	--	--	--
0034 Student Transportation	--	--	--	--
0035 Food Service	--	--	--	3,880,116
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	--	--	--	--
0051 Facilities Maintenance and Operations	--	--	--	152,756
0052 Security and Monitoring Services	--	--	--	--
0053 Data Processing Services	--	--	--	--
0061 Community Services	429	--	--	--
0081 Capital Outlay	--	--	--	--
6030 Total Expenditures	<u>628,650</u>	<u>969,153</u>	<u>16,750</u>	<u>4,032,872</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	(342,373)
Other Financing Sources and (Uses):				
7915 Transfers In	--	--	--	342,373
7080 Total Other Financing Sources and (Uses)	--	--	--	342,373
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	1,175,992
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,175,992</u>

242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 Title I, Part A - ELA	279 Texas COVID Learning Acceleration (TCL
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
<u>37,072</u>	<u>55,836</u>	<u>117,668</u>	<u>26,272</u>	<u>149,260</u>
<u>37,072</u>	<u>55,836</u>	<u>117,668</u>	<u>26,272</u>	<u>149,260</u>
--	54,204	63,976	23,418	149,260
--	--	--	--	--
--	--	27,692	2,854	--
--	1,632	26,000	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
37,072	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>37,072</u>	<u>55,836</u>	<u>117,668</u>	<u>26,272</u>	<u>149,260</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	282 ESSER Fund III of the American Rescue Plan Act	284 IDEA-B the American Rescue Plan Act	285 IDEA-B Preschool the American Rescue Plan Act	289 Title IV, Part A Subpart 1
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	1,870,283	77,031	2,521	139,420
5020 Total Revenues	<u>1,870,283</u>	<u>77,031</u>	<u>2,521</u>	<u>139,420</u>
EXPENDITURES:				
Current:				
0011 Instruction	1,057,236	77,031	2,521	119,416
0012 Instructional Resources and Media Services	12,783	--	--	--
0013 Curriculum and Staff Development	258,924	--	--	6,000
0021 Instructional Leadership	34,594	--	--	1,548
0023 School Leadership	86,638	--	--	--
0031 Guidance, Counseling, and Evaluation Services	34,696	--	--	--
0032 Social Work Services	5,478	--	--	--
0033 Health Services	14,609	--	--	--
0034 Student Transportation	48,624	--	--	--
0035 Food Service	101,248	--	--	--
0036 Cocurricular/Extracurricular Activities	12,783	--	--	3,396
0041 General Administration	45,653	--	--	--
0051 Facilities Maintenance and Operations	125,060	--	--	--
0052 Security and Monitoring Services	13,696	--	--	9,060
0053 Data Processing Services	18,261	--	--	--
0061 Community Services	--	--	--	--
0081 Capital Outlay	--	--	--	--
6030 Total Expenditures	<u>1,870,283</u>	<u>77,031</u>	<u>2,521</u>	<u>139,420</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
Other Financing Sources and (Uses):				
7915 Transfers In	--	--	--	--
7080 Total Other Financing Sources and (Uses)	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

397 Advanced Placement Incentives	410 State Textbook Fund	429 State Funded Special Revenue Fund	461 Campus Activity Funds	486 OxyChem
\$ --	\$ --	\$ --	\$ 455,798	\$ --
--	37,409	954,643	--	--
--	--	--	--	--
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
--	37,409	954,643	455,798	--
--	37,409	260,826	--	--
--	--	--	--	--
--	--	16,618	--	--
--	--	146,968	--	--
--	--	--	--	--
--	--	1,828	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	1,499	357,677	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	526,873	--	--
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
--	37,409	954,612	357,677	--
--	--	31	98,121	--
--	--	--	--	--
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
--	--	--	--	--
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
--	--	31	98,121	--
73	9,209	3,719	208,021	355
<u>\$ 73</u>	<u>\$ 9,209</u>	<u>\$ 3,750</u>	<u>\$ 306,142</u>	<u>\$ 355</u>

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	487 Spectra Energy Foundation	489 Lowe's	490 Cheniere
REVENUES:			
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--
5900 Federal Program Revenues	--	--	--
5020 Total Revenues	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES:			
Current:			
0011 Instruction	--	--	--
0012 Instructional Resources and Media Services	--	--	--
0013 Curriculum and Staff Development	--	--	--
0021 Instructional Leadership	--	--	--
0023 School Leadership	--	--	--
0031 Guidance, Counseling, and Evaluation Services	--	--	--
0032 Social Work Services	--	--	--
0033 Health Services	--	--	--
0034 Student Transportation	--	--	--
0035 Food Service	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--
0041 General Administration	--	--	--
0051 Facilities Maintenance and Operations	--	--	--
0052 Security and Monitoring Services	--	--	--
0053 Data Processing Services	--	--	--
0061 Community Services	--	--	--
0081 Capital Outlay	--	--	--
6030 Total Expenditures	<u> </u>	<u> </u>	<u> </u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--
1100 Expenditures	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources and (Uses):			
7915 Transfers In	--	--	--
7080 Total Other Financing Sources and (Uses)	<u> </u>	<u> </u>	<u> </u>
1200 Net Change in Fund Balances	--	--	--
0100 Fund Balances - Beginning	955	11	11,993
3000 Fund Balances - Ending	<u>\$ 955</u>	<u>\$ 11</u>	<u>\$ 11,993</u>

491 TAMUK / Exxon	492 G-P Education Foundation	493 Book - A Palooza	494 Teacher of the Year	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ 26,079	\$ 6,453	\$ 15	\$ 780,780
--	--	--	--	1,076,341
--	--	--	--	7,403,691
<u> </u>	<u>26,079</u>	<u>6,453</u>	<u>15</u>	<u>9,260,812</u>
--	24,238	--	15	3,244,652
--	--	--	--	12,783
--	--	--	--	330,153
--	--	--	--	249,062
--	--	--	--	86,638
--	--	--	--	219,161
--	--	--	--	5,478
--	--	--	--	14,609
--	--	--	--	48,624
--	--	--	--	4,018,436
--	--	--	--	375,355
--	--	--	--	45,653
--	--	--	--	277,816
--	--	--	--	22,756
--	--	--	--	18,261
--	--	10,561	--	10,990
--	--	--	--	526,873
<u> </u>	<u>24,238</u>	<u>10,561</u>	<u>15</u>	<u>9,507,300</u>
--	1,841	(4,108)	--	(246,488)
--	--	4,296	--	346,669
--	--	4,296	--	346,669
--	1,841	188	--	100,181
<u> </u>	<u>2,246</u>	<u>1,251</u>	<u> </u>	<u>1,413,827</u>
\$ <u> </u>	\$ <u>4,087</u>	\$ <u>1,439</u>	\$ <u> </u>	\$ <u>1,514,008</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2023

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2014 and Prior Years	\$ Various	\$ Various	\$ Various
2015	1.17	.18	1,347,522,592
2016	1.12	.18	1,589,550,923
2017	1.17	.18	1,755,413,629
2018	1.17	.18	2,772,662,667
2019	1.17	.18	2,413,554,148
2020	1.0684	.20	3,406,957,700
2021	.963	.25	4,554,288,623
2022	.9603	.25	5,051,557,217
2023 (School Year Under Audit)	.9603	.25	7,718,651,177
1000 Totals			

EXHIBIT J-1

10 Beginning Balance 9/1/22	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/23
\$ 187,247	\$ --	\$ 7,413	\$ 1,108	\$ (1,163)	\$ 177,564
30,287	--	1,686	259	(231)	28,111
35,395	--	1,373	221	(250)	33,551
49,702	--	4,565	702	(262)	44,172
66,118	--	5,387	829	(8,751)	51,151
87,019	--	21,153	3,254	(8,413)	54,198
114,394	--	32,521	6,088	(1,648)	74,137
143,643	--	(61,211)	(15,891)	(133,149)	87,595
268,837	--	(105,126)	(27,368)	(277,264)	124,067
--	63,774,694	28,790,346	35,302,352	679,490	361,486
<u>\$ 982,642</u>	<u>\$ 63,774,694</u>	<u>\$ 28,698,108</u>	<u>\$ 35,271,555</u>	<u>\$ 248,359</u>	<u>\$ 1,036,031</u>

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
 AS OF AUGUST 31, 2023

Data Control Codes		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
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.	\$ 3,813,099
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34)	\$ 2,516,684
<u>Section B: Bilingual Education Programs</u>		
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.	\$ 102,826
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 76,679

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT J-3

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 231,593	\$ 281,779	\$ 292,435	\$ 10,656
5800	State Program Revenues	16,000	183,902	84,289	(99,613)
5900	Federal Program Revenues	2,600,834	3,150,289	3,313,775	163,486
5020	Total Revenues	<u>2,848,427</u>	<u>3,615,969</u>	<u>3,690,499</u>	<u>74,530</u>
	DOES NOT FOOT BY THIS AMOUNT-->	--	1	--	
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	4,078,289	4,471,906	3,880,116	591,790
	Total Support Services - Student (Pupil)	<u>4,078,289</u>	<u>4,471,906</u>	<u>3,880,116</u>	<u>591,790</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	128,000	228,441	152,756	75,685
	Total Support Services - Nonstudent Based	<u>128,000</u>	<u>228,441</u>	<u>152,756</u>	<u>75,685</u>
6030	Total Expenditures	<u>4,206,289</u>	<u>4,700,347</u>	<u>4,032,872</u>	<u>667,475</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(1,357,862)</u>	<u>(1,084,378)</u>	<u>(342,373)</u>	<u>742,005</u>
Other Financing Sources (Uses):					
7915	Transfers In	1,357,862	743,059	342,373	(400,686)
7080	Total Other Financing Sources and (Uses)	<u>1,357,862</u>	<u>743,059</u>	<u>342,373</u>	<u>(400,686)</u>
1200	Net Change in Fund Balance	--	(341,319)	--	341,319
0100	Fund Balance - Beginning	1,175,992	1,175,992	1,175,992	--
3000	Fund Balance - Ending	<u>\$ 1,175,992</u>	<u>\$ 834,673</u>	<u>\$ 1,175,992</u>	<u>\$ 341,319</u>

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

FUND 511
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 36,232,223	\$ 36,232,223	\$ 35,671,966	\$ (560,257)
5800	State Program Revenues	--	--	102,355	102,355
5020	Total Revenues	<u>36,232,223</u>	<u>36,232,223</u>	<u>35,774,321</u>	<u>(457,902)</u>
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	29,610,000	29,610,000	29,610,000	--
0072	Interest on Long-Term Debt	6,618,782	6,640,763	6,640,763	--
0073	Bond Issuance Costs and Fees	3,441	3,441	3,100	341
	Total Debt Service	<u>36,232,223</u>	<u>36,254,204</u>	<u>36,253,863</u>	<u>341</u>
6030	Total Expenditures	<u>36,232,223</u>	<u>36,254,204</u>	<u>36,253,863</u>	<u>341</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(21,981)	(479,542)	(457,561)
Other Financing Sources (Uses):					
7911	Capital-Related Debt Issued (Regular Bonds)	--	6,524	--	(6,524)
8949	Other Uses	--	(80,000)	(72,824)	7,176
7080	Total Other Financing Sources and (Uses)	--	<u>(73,476)</u>	<u>(72,824)</u>	<u>652</u>
1200	Net Change in Fund Balance	--	(95,457)	(552,366)	(456,909)
0100	Fund Balance - Beginning	2,311,682	2,311,682	2,311,682	--
3000	Fund Balance - Ending	<u>\$ 2,311,682</u>	<u>\$ 2,216,225</u>	<u>\$ 1,759,316</u>	<u>\$ (456,909)</u>



GOWLAND, MORALES & SMITH, PLLC

Certified Public Accountants

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Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards

Board of Trustees
Gregory-Portland Independent School District
608 College Street
Portland, Texas 78374

Members of the Board of Trustees:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gregory-Portland Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Gregory-Portland Independent School District's basic financial statements, and have issued our report thereon dated December 18, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gregory-Portland Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Gregory-Portland Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Gregory-Portland Independent School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gregory-Portland Independent School 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.

Respectfully submitted,

Gowland, Morales, & Smith, PLLC

Gowland, Morales & Smith, PLLC

Corpus Christi, Texas

December 18, 2023



GOWLAND, MORALES & SMITH, PLLC

Certified Public Accountants

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Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Gregory-Portland Independent School District
608 College Street
Portland, Texas 78374

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Gregory-Portland Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Gregory-Portland Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Gregory-Portland Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Respectfully submitted,

Gowland, Morales, & Smith, PLLC

Gowland, Morales & Smith, PLLC

Corpus Christi, Texas
December 18, 2023

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2023

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit: May 2023

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)?? Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>School Lunch Program Cluster:</u>	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program (Non-Cash)
84.425U	ARP ESSER III
<u>IDEA-B Cluster:</u>	
84.027A	IDEA-B Formula
84.173A	IDEA-B Preschool
84.027A	IDEA-B Formula ARP
84.173X	IDEA-B Preschool ARP

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023

Dollar threshold used to distinguish between
type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X Yes

No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
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NONE - N/A

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023

NONE - N/A

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT K-1
 Page 1 of 2

(1)	(2)	(2A)	(3)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	71402301	\$ --	\$ 589,360
National School Lunch Program (Non-cash)	10.555	205-902	--	303,669
Supply Chain Assistance	10.555	205-902	--	152,740
National School Lunch Program	10.555	71302301	--	2,268,006
Total ALN Number 10.555			--	2,724,415
Summer Food Service Program	10.559	205-902	--	37,071
Total Passed Through State Department of Education			--	3,350,846
Total U. S. Department of Agriculture			--	3,350,846
Total Child Nutrition Cluster			--	3,350,846
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA-Part B, Formula	84.027A	2266000120590	--	970,266
Total ALN Number 84.027A			--	970,266
IDEA - Part B, Formula - American Rescue Plan (ARP) Act of 2021	84.027X	2253500120590	--	77,969
IDEA-B Preschool	84.173A	2066100120590	--	--
IDEA-Part B, Preschool	84.173A	2266100120590	--	16,750
Total ALN Number 84.173A			--	16,750
IDEA - Part B, Preschool - American Rescue Plan (ARP) Act of 2021	84.173X	2253600120590	--	1,244
IDEA - Part B, Preschool - American Rescue Plan (ARP) Act of 2021	84.173X	2253600120590	--	1,277
Total ALN Number 84.173X			--	2,521
Total Passed Through State Department of Education			--	1,067,505
Total U. S. Department of Education			--	1,067,505
Total Special Education (IDEA) Cluster			--	1,067,505
WIOA CLUSTER:				
<u>U. S. Department of Labor</u>				
Passed Through State Department of Education:				
P-TECH Planning	17.258	2139330171100	--	88,400
Total U. S. Department of Labor			--	88,400
Total WIOA Cluster			--	88,400
OTHER PROGRAMS:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010A	2261010120	\$ --	\$ 62,337
ESEA Title I Part A - Improving Basic Programs	84.010A	2361010120	\$ --	\$ 563,522
ESEA Title I Part A - Improving Basic Programs	84.010A	2461010120590	--	23,115
Total ALN Number 84.010A			--	648,974

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2023

(1)	(2)	(2A)	(3)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Career and Technical Education - Basic Grant	84.048A	2242000620590	--	14,000
Career and Technical Education - Basic Grant	84.048A	2342000620590	--	41,836
Total ALN Number 84.048A			--	<u>55,836</u>
Title III, Part A-English Language Acquisition and Language Enhanc	84.365A	2367100120590	--	26,816
Total ALN Number 84.365A			--	<u>26,816</u>
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	2269450120590	--	16,823
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	2369450120590	--	104,502
Total ALN Number 84.367A			--	<u>121,325</u>
LEP Summer School	84.369A	69552202	--	1,479
Title IV, Part A, Subpart 1	84.424A	2368010120590	--	50,984
Total ALN Number 84.424A			--	<u>191,847</u>
ESSER Fund III of the American Rescue Plan Act of 2021	84.425U	2152800120590	--	--
ESSER Fund III of the American Rescue Plan Act of 2021	84.425U	2152800120590	--	1,870,283
Texas COVID Learning Acceleration Supports (TCLAS)-State ESSE	84.425U	2152804220590	--	149,260
Total ALN Number 84.425U			--	<u>2,019,543</u>
Total Passed Through State Department of Education			--	<u>3,065,820</u>
Total U. S. Department of Education			--	<u>3,065,820</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	<u>\$ 7,431,708</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				7,431,708
School Health and Related Services (SHARS)				806,539
TOTAL EXHIBIT C-2				<u>8,238,247</u>

The accompanying notes are an integral part of this schedule.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Gregory-Portland Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Gregory-Portland Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2023

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