

GUTHRIE COMMON SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
LUBBOCK, TEXAS

GUTHRIE COMMON SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022

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CERTIFICATE OF BOARD

Guthrie Common School District
Name of School District

King
County

135-001
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, 2022, at a meeting of the Board of Trustees of such school district on the 14th day of November, 2022.



Signature of Board Secretary



Signature of Board President

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

FINANCIAL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

UNMODIFIED OPINIONS ON THE BASIC FINANCIAL STATEMENTS

Board of School Trustees
Guthrie Common School District
Guthrie, Texas

Report on the Financial Statements

Opinions

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

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

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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

GAAP requires that the management's discussion and analysis on pages 4-9, budgetary comparison information on page 49, and the pension and other post-employment benefit (OPEB) related information on pages 50-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining non-major fund financial statements and required Texas Education Agency (TEA) schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining non-major fund financial statements and required TEA schedules awards are fairly stated, in all material aspects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

November 2, 2022

GUTHRIE COMMON SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of the Guthrie Common School District's (the District) financial performance provides an overview of the District's financial performance for the year ended August 31, 2022. It should be read in conjunction with the District's Basic Financial Statements and Independent Auditor's report.

The Management's Discussion and Analysis (MD&A) is an element of the new financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

FINANCIAL HIGHLIGHTS

- The net position of the District decreased by \$380,075 or 3.80%. This decrease is attributable to the District continuing to operate based on a deficit budget. The District's statement of activities showed total revenues were \$3,354,802, and expenses totaled \$3,734,877.
- The District ended the year, August 31, 2022, with total net position of \$9,623,135 and unrestricted net position of \$3,484,241. The balance of cash and investments at August 31, 2022 was \$5,509,717, which does not include the fiduciary cash account since these funds are not for District operations.
- Total general fund expenditures were \$3,190,947 for the year ended August 31, 2022. This compares with general fund expenditures of \$3,326,155 for the year ended August 31, 2021. This decrease in expenditures is due to supplemental salary amounts paid in the prior year.
- The District's total revenues on the fund financial statements increased from \$2,936,852 in 2020-21 to \$3,093,788 in 2021-22. This increase is attributable to more state formula funding due to declines in property values and increases in average daily attendance (ADA).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

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

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

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

The combining statements for non-major funds contain information about the District's individual non-major funds. The section labeled TEA Required Schedules contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

Government-Wide Financial Statements

The analysis of the District's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements apply the accrual basis of accounting, which is the basis used by private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, the District is reporting its governmental activities and business type activities. The District currently has no component units as defined in the GASB Statement 34.

- Governmental activities – All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business type activities – The District's for profit participation in the Texas Virtual School Network is a business type activity accounted for in an enterprise fund.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education through TEA. The District's administration establishes many other funds to help it control and manage money for particular purposes.

The District's three fund types: governmental, proprietary, and fiduciary – use different accounting approaches.

- Governmental funds – Most of the District's basic services are included in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following the fund financial statements.
- Proprietary Fund – Enterprise Fund – The District sets its own pricing policies intended to make a profit in its Texas Virtual School Network Participation, and as such, accounts for this activity in this fund.
- Fiduciary Funds – The District is the trustee, or fiduciary, for money raised by student activities. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Table I
Guthrie Common School District
Net Position
August 31, 2022 and 2021

	August 31,	
	2022	2021
Cash and Temporary Investments	\$ 5,509,717	\$ 6,310,658
Receivables	200,711	105,529
Capital Assets	6,709,293	6,914,050
Total Assets	\$ 12,419,721	\$ 13,330,237
 Total Deferred Outflows	 \$ 289,233	 \$ 357,032
 Current Liabilities	 \$ 442,106	 \$ 610,790
Long-Term Liabilities	1,727,120	2,382,298
Total Liabilities	\$ 2,169,226	\$ 2,993,088
 Total Deferred Inflows	 \$ 916,593	 \$ 690,971
 Net Position		
Net Investment in Capital Assets	\$ 6,074,545	\$ 6,070,167
Restricted for Debt Service	64,349	67,747
Unrestricted Net Position	3,484,241	3,865,296
Total Net Position	\$ 9,623,135	\$ 10,003,210

Changes in Net Position

The District’s net position decreased during the year ended August 31, 2022. The net position decreased by \$380,075 (See Table II). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased \$381,055 from \$3,865,296 in 2021 to \$3,484,241 in 2022. This decrease is mainly attributable to the District continuing to operate based on a deficit budget.

Table II
Guthrie Common School District
Changes in Net Position
For the Years Ended August 31, 2022 and 2021

	August 31,	
	2022	2021
Revenues:		
Program Revenues:		
Charges for Services	\$ 485,909	\$ 476,021
Operating Grants and Contributions	35,644	205,227
General Revenues:		
Maintenance and Operations Taxes	1,191,726	1,561,019
Interest and Sinking Taxes	434,681	457,184
State Aid Formula Grants	956,259	497,040
Investment Earnings	32,004	8,561
Miscellaneous	218,579	46,339
Total Revenue	\$ 3,354,802	\$ 3,251,391
Expenses:		
Instruction and Instructional-Related Services	\$ 1,862,516	\$ 2,087,573
Instructional and School Leadership	62,883	77,960
Student Support Services	29,280	30,921
Student Transportation	211,068	165,986
Food Services	169,990	180,718
Extracurricular Activities	188,829	237,459
General Administration	298,100	319,282
Plant Maintenance and Operations	705,221	872,242
Security, Monitoring, and Data Processing Services	87,665	96,746
Interest and Fees on Long-Term Debt	77	68,707
Payments to Member Districts	36,131	16,997
Other Intergovernmental Charges	83,117	93,100
Total Expenses	\$ 3,734,877	\$ 4,247,691
Change in Net Position	\$ (380,075)	\$ (996,300)

The District's total revenues increased from \$3,251,391 in fiscal year 2021 to \$3,354,802, an increase of \$103,411. Increases in revenue were attributable to the decline in property values and increases in ADA. The total expenses of the District decreased by \$512,814 from \$4,247,691 to \$3,734,877, and are attributable to decreases in both pension and OPEB amounts.

Other factors impacting the District's financial position include the following:

- The District total property tax rate increased from \$1.2492 in 2021 to \$1.3140 in 2022. This change is due to a decrease of \$0.0030 in the M&O rate and an increase of \$0.0678 in the I&S rate. The District's tax rates for 2022 were M&O of \$0.9634 and I&S of \$0.3506. The District's appraised valuation of taxable property decreased from \$163,060,627 to \$124,935,275, a decrease of \$38,125,352 or 23.38%. This decrease is attributable to decreases in property and mineral values. The total school property taxes assessed for school year 2022 were \$1,641,650. This is a decrease of \$395,303 from the \$2,036,953 assessed in 2021.
- The District's ADA is the basis for most of the State funding. The ADA increased from 112.319 in 2021 to 129.436 in 2022. The increase in ADA along with the decrease in property values led to an increase in state funding from the prior year. State funding increased from \$502,150 in 2021 to \$948,061 in 2022, which is an increase of \$445,911.

Fund Balances

The District's total Governmental Funds fund balance was \$3,812,419. This fund balance is reported in the various Governmental funds as follows:

General Fund – Unassigned \$910,874 – This balance is available for current spending; however, it has been the practice of the District to try and maintain a fund balance that is at least equal to several months operating expenses.

General Fund – Committed for Construction \$2,415,000 – This balance has been committed for construction by the Board of Trustees for future planned construction projects.

Debt Service Fund – Restricted for Retirement of Long-Term Debt \$61,293 – These funds are restricted by debt service covenants to fund the principal and interest payments of the bond issues.

Capital Projects Fund – Restricted for Capital Acquisitions \$425,252 – These funds are restricted for the construction and renovation projects from bond proceeds sold in 2021.

Budgetary Highlights

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments were necessary to reflect the revised estimates of revenues and expenses. None of the amendments made were considered to be significant changes.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

Financial statement footnote no. 6 discloses the capital asset activity for the year ended August 31, 2022.

DEBT

Financial statement footnote no. 8 discloses the debt activity for the year ended August 31, 2022.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District has budgeted \$2,513,134 in general fund revenues for fiscal year 2022-2023. This is a decrease of \$78,504 from the \$2,591,638 actual general fund revenue for 2021-2022 fiscal year and is comparable to the current year actual revenue.

The District also budgeted \$3,204,687 in general fund expenditures for fiscal year 2022-2023. This is a decrease of \$1,777,549 from the actual general fund expenditures of \$3,190,947 expended in 2021-2022. This decrease is due to the District's efforts to control expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Guthrie Common School District, P.O. Box 70, Guthrie, Texas 79236.

BASIC FINANCIAL STATEMENTS

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit A-1

**STATEMENT OF NET POSITION
AUGUST 31, 2022**

Data Control Codes		1 Primary Government		3
		Governmental Activities	Business- Type Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	\$ 3,836,269	\$ 1,673,448	\$ 5,509,717
1220	Property Taxes Receivable	13,559		13,559
1230	Allowance for Uncollectible Taxes	(706)		(706)
1240	Due from Other Governments	135,308	45,745	181,053
1290	Other Receivables, Net	6,805		6,805
Capital Assets:				
1510	Land	41,061		41,061
1520	Buildings, Net	6,192,920		6,192,920
1530	Furniture and Equipment, Net	37,928		37,928
1540	Vehicles, Net	437,384		437,384
1000	Total Assets	\$ 10,700,528	\$ 1,719,193	\$ 12,419,721
DEFERRED OUTFLOWS OF RESOURCES:				
1705	Deferred Outflow Related to TRS Pension Liability	\$ 156,370	\$	\$ 156,370
1706	Deferred Outflow Related to TRS OPEB Liability	132,863		132,863
1700	Total Deferred Outflows of Resources	\$ 289,233	\$ 0	\$ 289,233
LIABILITIES:				
2110	Accounts Payable	\$ 83,035	\$ 9,749	\$ 92,784
2160	Accrued Wages Payable	80,850	6,260	87,110
2200	Accrued Expenses	2,078	134	2,212
Noncurrent Liabilities:				
2501	Due Within One Year	260,000		260,000
2502	Due in More than One Year	800,000		800,000
2540	Net Pension Liability (District's Share)	273,619		273,619
2545	Net OPEB Liability (District's Share)	653,501		653,501
2000	Total Liabilities	\$ 2,153,083	\$ 16,143	\$ 2,169,226
DEFERRED INFLOWS OF RESOURCES:				
2605	Deferred Inflow Related to TRS Pension Liability	\$ 369,453	\$	\$ 369,453
2606	Deferred Inflow Related to TRS OPEB Liability	547,140		547,140
2600	Total Deferred Inflows of Resources	\$ 916,593	\$ 0	\$ 916,593
NET POSITION:				
3200	Net Investment in Capital Assets	\$ 6,074,545	\$	\$ 6,074,545
3850	Restricted for Debt Service	64,349		64,349
3900	Unrestricted Net Position	1,781,191	1,703,050	3,484,241
3000	Total Net Position	\$ 7,920,085	\$ 1,703,050	\$ 9,623,135

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		3	4	6	7	8
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:						
11	Instruction	\$ 1,453,887	\$	\$ 35,644	\$ (1,418,243)	\$ (1,418,243)
12	Instructional Resources and Media Services	129,187			(129,187)	(129,187)
13	Curriculum and Staff Development	2,486			(2,486)	(2,486)
23	School Leadership	60,397			(60,397)	(60,397)
31	Guidance, Counseling, and Evaluation Services	23,491			(23,491)	(23,491)
33	Health Services	5,789			(5,789)	(5,789)
34	Student Transportation	211,068			(211,068)	(211,068)
35	Food Services	169,990			(169,990)	(169,990)
36	Extracurricular Activities	188,829	6,813		(182,016)	(182,016)
41	General Administration	298,100			(298,100)	(298,100)
51	Plant Maintenance and Operations	705,221	99,262		(605,959)	(605,959)
52	Security and Monitoring Services	3,283			(3,283)	(3,283)
53	Data Processing Services	84,382			(84,382)	(84,382)
73	Bond Issuance Cost and Fees	77			(77)	(77)
93	Payments to Member Districts	36,131			(36,131)	(36,131)
99	Other Intergovernmental Charges	83,117			(83,117)	(83,117)
	TG Total Governmental Activities	\$ 3,455,435	\$ 106,075	\$ 35,644	\$ (3,313,716)	\$ 0
	BUSINESS-TYPE ACTIVITIES:					
01	Enterprise Funds - Locally Defined	279,442	379,834		100,392	100,392
	TP Total Primary Government	\$ 3,734,877	\$ 485,909	\$ 35,644	\$ (3,313,716)	\$ (3,213,324)
	General Revenues:					
MT	Property Taxes, Levied for General Purposes			\$ 1,191,726	\$	\$ 1,191,726
DT	Property Taxes, Levied for Debt Service			434,681		434,681
SF	State Aid Formula Grants			956,259		956,259
IE	Investment Earnings			32,004		32,004
MI	Miscellaneous Local and Intermediate Revenue			218,579		218,579
TR	Total General Revenues			\$ 2,833,249	\$ 0	\$ 2,833,249
CN	Change in Net Position			\$ (480,467)	\$ 100,392	\$ (380,075)
NB	Net Position - Beginning			8,400,552	1,602,658	10,003,210
NE	Net Position - Ending			\$ 7,920,085	\$ 1,703,050	\$ 9,623,135

The accompanying notes are an integral part of this statement.

**BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2022**

Data Control Codes	Major Funds					98 Total Governmental Funds	
	10 General Fund	ESSER Supplemental	50 Debt Service Fund	60 Capital Projects Fund	Nonmajor Governmental Funds		
ASSETS:							
1110	Cash and Cash Equivalents	\$ 3,316,724	\$	\$ 61,293	\$ 458,252	\$	\$ 3,836,269
1220	Property Taxes - Delinquent	10,339		3,220			13,559
1230	Allowance for Uncollectible Taxes	(542)		(164)			(706)
1240	Due from Other Governments	101,331	30,681			3,296	135,308
1260	Due from Other Funds	65,026					65,026
1290	Other Receivables	6,805					6,805
1000	Total Assets	<u>\$ 3,499,683</u>	<u>\$ 30,681</u>	<u>\$ 64,349</u>	<u>\$ 458,252</u>	<u>\$ 3,296</u>	<u>\$ 4,056,261</u>
LIABILITIES:							
2110	Accounts Payable	\$ 83,035	\$	\$	\$	\$	\$ 83,035
2160	Accrued Wages Payable	79,095	1,755				80,850
2170	Due to Other Funds		28,730		33,000	3,296	65,026
2200	Accrued Expenditures	1,882	196				2,078
2000	Total Liabilities	<u>\$ 164,012</u>	<u>\$ 30,681</u>	<u>\$ 0</u>	<u>\$ 33,000</u>	<u>\$ 3,296</u>	<u>\$ 230,989</u>
DEFERRED INFLOWS OF RESOURCES:							
2601	Unavailable Revenue - Property Taxes	\$ 9,797	\$	\$ 3,056	\$	\$	\$ 12,853
2600	Total Deferred Inflows	<u>\$ 9,797</u>	<u>\$ 0</u>	<u>\$ 3,056</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,853</u>
FUND BALANCES:							
Restricted for:							
3470	Capital Projects	\$	\$	\$	\$ 425,252	\$	\$ 425,252
3480	Debt Service			61,293			61,293
Committed for:							
3510	Construction	2,415,000					2,415,000
3600	Unassigned	910,874					910,874
3000	Total Fund Balances	<u>\$ 3,325,874</u>	<u>\$ 0</u>	<u>\$ 61,293</u>	<u>\$ 425,252</u>	<u>\$ 0</u>	<u>\$ 3,812,419</u>
4000	Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 3,499,683</u>	<u>\$ 30,681</u>	<u>\$ 64,349</u>	<u>\$ 458,252</u>	<u>\$ 3,296</u>	<u>\$ 4,056,261</u>

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT
OF NET POSITION
AUGUST 31, 2022

Data
Control
Codes

	Total Fund Balances - Governmental Funds (Exhibit C-1)	\$ 3,812,419
1	Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$15,471,213, and the accumulated depreciation was (\$8,557,163). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in these funds. The long-term debt was (\$1,475,000) as well as the refunding loss of \$10,907 and bond premiums of (\$33,638). The net effect of including beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	5,416,319
2	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statement, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2022 capital outlays of \$230,727 and debt principal payments of \$415,000 is to increase net position.	645,727
3	The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(435,484)
4	Current year amortization of premiums on bonds \$33,638 and loss due to refunding (\$10,907) is to increase net position.	22,731
5	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liabilities required by GASB 68 in the amount of (\$273,619), a Deferred Resource Inflow related to TRS in the amount of (\$369,453), and a Deferred Resource Outflow related to TRS in the amount of \$156,370. This amounted to a decrease in net position.	(486,702)
6	Included in the items related to debt is the recognition of the District's proportionate share of the OPEB liabilities required by GASB 75 in the amount of (\$653,501), a Deferred Resource Inflow related to TRS in the amount of (\$547,140), and a Deferred Resource Outflow related to TRS in the amount of \$132,863. This amounted to a decrease in net position.	(1,067,778)
7	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred property tax revenue as revenue and eliminating interfund transactions. The net effect of these reclassifications is to increase net position by \$12,853.	<u>12,853</u>
19	Net Position - Governmental Activities (Exhibit A-1)	<u>\$ 7,920,085</u>

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Major Funds				Other Governmental Funds	98 Total Governmental Funds
	10 General Fund	50 ESSER Supplemental	60 Debt Service Fund	60 Capital Projects Fund		
REVENUES:						
5700 Local and Intermediate Sources	\$ 1,507,689	\$	\$ 434,681	\$ 2,131	\$	\$ 1,944,501
5800 State Program Revenues	1,083,949				22,206	1,106,155
5900 Federal Program Revenues		30,681			12,451	43,132
5020 Total Revenues	\$ 2,591,638	\$ 30,681	\$ 434,681	\$ 2,131	\$ 34,657	\$ 3,093,788
EXPENDITURES:						
0011 Instruction	\$ 1,357,625	\$ 30,681	\$	\$	\$ 33,534	\$ 1,421,840
0012 Instructional Resources and Media Services	125,324					125,324
0013 Curriculum and Staff Development	2,201					2,201
0023 School Leadership	59,372					59,372
0031 Guidance, Counseling, and Evaluation Services	23,194					23,194
0033 Health Services	5,126					5,126
0034 Student Transportation	168,610			219,842		388,452
0035 Food Services	153,623					153,623
0036 Extracurricular Activities	171,348					171,348
0041 General Administration	286,694					286,694
0051 Plant Maintenance and Operations	636,176			10,885	1,123	648,184
0052 Security and Monitoring Services	3,400					3,400
0053 Data Processing Services	79,006					79,006
0071 Principal on Long-Term Debt			415,000			415,000
0072 Interest on Long-Term Debt			22,358			22,358
0073 Bond Issuance Cost and Fees			450			450
0093 Payments to Fiscal Agent/Member Districts	36,131					36,131
0099 Other Intergovernmental Charges	83,117					83,117
6030 Total Expenditures	\$ 3,190,947	\$ 30,681	\$ 437,808	\$ 230,727	\$ 34,657	\$ 3,924,820
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (599,309)	\$ 0	\$ (3,127)	\$ (228,596)	\$ 0	\$ (831,032)
OTHER FINANCING SOURCES (USES):						
7912 Sale of Real Property	\$ 40,700	\$	\$	\$	\$	\$ 40,700
7080 Total Other Financing Sources	\$ 40,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,700
1200 Net Change in Fund Balance	\$ (558,609)	\$ 0	\$ (3,127)	\$ (228,596)	\$ 0	\$ (790,332)
0100 September 1 - Fund Balance	3,884,483	0	64,420	653,848	0	4,602,751
3000 August 31 - Fund Balance	\$ 3,325,874	\$ 0	\$ 61,293	\$ 425,252	\$ 0	\$ 3,812,419

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit C-4

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Net Change in Fund Balances - Total Governmental Funds (Exhibit C-3)	\$ (790,332)
Amounts reported for governmental activities in the statement of activities (Exhibit B-1) are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation of (\$435,484) exceeded capital outlays of \$230,727 in the current period.	(204,757)
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net amount by which deferred revenue changed between the current year of \$12,853 and the prior year of (\$14,988).	(2,135)
Repayment of the bond principal \$415,000 is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	415,000
Current year amortization of premiums on bonds \$33,638 and loss due to refunding (\$10,907) increases net position.	22,731
Current year changes due to GASB 68 decreased revenues in the amount of (\$99,039) and decreased expenses in the amount of \$134,493 resulting in an increase in the change in ending net position of \$35,454.	35,454
Current year changes due to GASB 75 decreased revenues in the amount of (\$58,345) and decreased expenses in the amount of \$101,917, resulting in an increase in the change in ending net position of \$43,572.	<u>43,572</u>
Change in Net Position of Governmental Activities (Exhibit B-1)	\$ <u><u>(480,467)</u></u>

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit D-1

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2022

	<u>Business Activities</u>
	711
	<u>Enterprise Fund</u>
ASSETS:	
Cash and Temporary Investments	\$ 1,673,448
Due from Other Governments	45,745
Total Assets	<u>\$ 1,719,193</u>
LIABILITIES:	
Accounts Payable	\$ 9,749
Accrued Wages Payable	6,260
Accrued Expenditures	134
Total Liabilities	<u>\$ 16,143</u>
NET POSITION:	
Unrestricted Net Position	<u>\$ 1,703,050</u>
Total Net Position	<u>\$ 1,703,050</u>
Total Liabilities and Net Position	<u>\$ 1,719,193</u>

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit D-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Business Activities</u>
	711
	<u>Enterprise Fund</u>
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 379,834
Total Revenues	<u>\$ 379,834</u>
OPERATING EXPENSES:	
Instructional Costs	\$ 279,442
Total Expenses	<u>\$ 279,442</u>
Change in Net Position	\$ 100,392
Net Position - September 1 (Beginning)	<u>1,602,658</u>
Net Position - August 31 (Ending)	<u><u>\$ 1,703,050</u></u>

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit D-3

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Business Activities</u>
	711
	<u>Enterprise Fund</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
Cash Flows From Operating Activities	
Cash Received From User Charges	\$ 403,343
Cash Payments to Suppliers for Goods and Services	<u>(290,421)</u>
Net Cash From Operating Activities	<u>\$ 112,922</u>
Change in Cash and Cash Equivalents	\$ 112,922
Cash and Cash Equivalents at Beginning of the Year	<u>1,560,526</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,673,448</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income	\$ 100,392
Changes in Assets and Liabilities	
Decrease in Due From Other Governments	4,060
Increase in Accounts Payable	7,424
Increase in Accrued Wages Payable	1,024
Increase in Accrued Expenditures	<u>22</u>
Net Cash From Operating Activities	<u><u>\$ 112,922</u></u>

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit E-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
AUGUST 31, 2022

	<u>Custodial Funds</u>
ASSETS:	
Cash and Temporary Investments	\$ <u>93,730</u>
Total Assets	\$ <u><u>93,730</u></u>
NET POSITION:	
Unrestricted Net Position	\$ <u>93,730</u>
Total Net Position	\$ <u><u>93,730</u></u>

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Custodial Funds</u>
ADDITIONS:	
Other Revenues	\$ <u>123,932</u>
Total Additions	\$ <u>123,932</u>
DEDUCTIONS:	
Student Activities	\$ <u>107,470</u>
Total Deductions	\$ <u>107,470</u>
Change in Net Position	\$ 16,462
Net Position - September 1 (Beginning)	<u>77,268</u>
Net Position - August 31 (Ending)	<u>\$ 93,730</u>

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Guthrie Common School District's (the District) is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) applicable to governmental units. The District also complies with the appropriate version of the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FAR) and the requirements of contracts and grants of agencies from which it receives funds. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of School Trustees (the Board), a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public. The Board has the exclusive power and duty to govern and oversee the management of the District. All powers and duties not specifically delegated by statute to the TEA or to the State Board of Education are reserved for the Board, and TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental reporting entity as defined in governmental accounting and financial reporting standards. There are no component units included within the reporting entity.

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

B. BASIS OF ACCOUNTING AND PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. These statements report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, state foundation funds, grants, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support (i.e., internal service funds are considered governmental activities and not business-type activities).

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

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Statement of Net Position. Bond premiums and refunding losses are deferred and amortized over the life of the bonds. Bond issuance costs are expensed.

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function allocated. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

FUND FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. Major governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from local sources consist primarily of property taxes. No amounts have been recorded for property tax revenues collected after August 31, 2022. State revenues 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.

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due.

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

The proprietary fund and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. Interest income earned on the operating cash account is considered operating revenue. All other revenues are non-operating.

GOVERNMENTAL FUND TYPES

The District reports the following major governmental funds:

General Fund – This fund is established to account for resources used for general operations. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund and unassigned fund balances are considered resources available for current operations.

The District accounts for its Food Service Fund in the general fund. Students are not charged for meals, and the general fund subsidizes all expenditures in the Food Service Fund.

Special Revenue Fund – ESSER Supplemental – This fund is used to account for the amounts provided through TEA for funding authorized by the Texas Legislature to address a small number of school systems that have more direct COVID-19 expenditures and/or projected costs for learning loss recovery than they will receive under CRRSA ESSER II and ARP ESSER III formula funding.

Debt Service Fund – This fund is used to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which tax has been dedicated. This is a budgeted fund and any unused sinking fund balances will be transferred to the general fund after all of the related debt obligations have been met.

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Capital Projects Fund – This governmental fund is established to account for proceeds, on a modified accrual basis, from the sale of bonds and other resources to be used for Board-authorized construction of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the debt service fund and are used to retire related bond principal.

Additionally, the government reports the following governmental fund types:

Special Revenue Funds – These funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal financial assistance generally is accounted for in a special revenue fund. Unused balances are returned to the grantor at the close of specified project periods.

PROPRIETARY FUND TYPES

Enterprise Fund – The Enterprise Fund is used to account for the District's participation in the Texas Virtual School Network Learning Program (VSN). The District establishes its own pricing policies for this program designed to make a profit.

FIDUCIARY FUND TYPES

Custodial Funds – These custodial funds are used to account for activities of student groups. Student activity organizations exist with the explicit approval of, and are subject to revocation by, the Board. If any unused resources are declared surplus by the student groups, they are transferred to the general fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

C. BASIS OF ACCOUNTING APPLICABLE TO ALL FINANCIAL STATEMENTS

Capital assets, which include land, buildings, furniture and equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are not capitalized.

Revenues from state and federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant. Funds received but unexpended are reflected as deferred revenues, and funds expended but not yet received are shown as receivables. If balances have not been expended by the end of the project period, grantors generally require the District to refund all or part of the unused amount.

Supplies and materials are recorded as expenditures when purchased.

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR. Mandatory codes are utilized in the form provided in that section.

D. BUDGETARY DATA

The official budget was prepared on the modified accrual basis of accounting, which is consistent with GAAP, for the general fund and debt service fund. The remaining special revenue funds adopt project-length budgets which do not correspond to the District's fiscal year. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20th of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1st. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board of School Trustees (the Board) is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
- c. Prior to September 1st, the budget is legally enacted through passage of a resolution by the Board.

The budget is prepared and controlled at the function level within each fund and is amended at this level as needed. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. Such amendments are made before the fact and they are reflected in the official minutes of the Board. During the year, several amendments were necessary in several functions.

E. ENCUMBRANCE ACCOUNTING

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31st, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at August 31, 2022.

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

F. FUND BALANCES

Fund balances of the governmental funds are classified as follows:

Restricted – Amounts that can be spent only for specific purposes because of restriction by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Amounts that can be used only for specific purposes determined by formal action by the Board of Trustees, the highest level of decision-making authority.

Unassigned – Amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

G. NET POSITION ON THE STATEMENT OF NET POSITION

Net position on the Statement of Net Position includes the following:

Net Investment in Capital Assets – This component of net position represents the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted for Debt Service – This component of net position represents the difference between assets and liabilities of the debt service fund that consists of assets with constraints placed on their use by creditors.

Unrestricted – The difference between assets and liabilities that is not reported in Net Investment in Capital Assets or Restricted for Debt Service.

H. PENSIONS

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

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

I. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The fiduciary net position of the 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.

J. CASH AND CASH EQUIVALENTS – PROPRIETARY FUNDS

For purposes of the Statement of Cash Flows for proprietary fund types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

K. MANAGEMENT'S USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy does not address the following risks:

- a. Custodial Credit Risk – Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits and investments in certificates of deposits may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state or local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk for its deposits and investments in certificates of deposit, because they are all covered by depository insurance and pledged securities held by a third party in the District's name.
- b. Concentration of Credit Risk – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At August 31, 2022, all of the District's investments are in external investment pools and as such the District has no risk.
- c. Credit Risk – The risk that an issuer of another 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 August 31, 2022, the District was not significantly exposed to credit risk.
- d. Interest Rate Risk – Not applicable
- e. Foreign Currency Risk – Not applicable

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

The carrying amount of the District’s cash and temporary investments at August 31, 2022 approximates fair value and consisted of the following with respective maturities and credit rating:

	Amount	Percent	Maturity in Less than 1 Year	Credit Rating
Cash in Bank	\$ 758,558	13.54%	\$ 758,558	N/A
Certificates of Deposit	17,500	0.31%	17,500	N/A
LOGIC Investment Pool	3,034	0.05%	3,034	AAAm
TexPool Investment Pool	412	0.01%	412	AAAm
Lone Star Investment Pool	4,823,943	86.09%	4,823,943	AAAm
	<u>\$ 5,603,447</u>	<u>100.00%</u>	<u>\$ 5,603,447</u>	

Public Funds Investment Pools

Public Funds Investment Pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment 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.

The District’s investment 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.

3. PROPERTY TAXES

Property taxes were levied by October 1st on the assessed value listed as of the prior January 1st for all real and business personal property located in the District 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 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. All property taxes remaining uncollected after ten years are provided for in the allowance for uncollectible 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.

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

4. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments consisted of the following at August 31, 2022:

Due from State - Accrued Foundation Payments	\$	99,260
Due from State - Unreimbursed Grant Expenditures		33,977
Due from State - Unreimbursed VSN Charges		45,745
Due from Other Governments - SSA		2,071
Total Due from Other Governments	\$	<u>181,053</u>

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at August 31, 2022, consisted of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund		
Capital Projects Fund	\$ 33,000	\$
Special Revenue Funds	<u>32,026</u>	<u></u>
	\$ <u>65,026</u>	\$ <u>0</u>
Capital Projects Fund		
General Fund	\$ <u>0</u>	\$ <u>33,000</u>
Special Revenue Funds		
General Fund	\$ <u>0</u>	\$ <u>32,026</u>
	<u>\$ 65,026</u>	<u>\$ 65,026</u>

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS

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

	<u>9/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>8/31/2022</u>
Capital Assets:				
Land	\$ 41,061	\$	\$	\$ 41,061
Building and Improvements	14,234,964			14,234,964
Furniture and Equipment	262,799	10,885		273,684
Vehicles	932,389	219,842	263,171	889,060
	<u>\$ 15,471,213</u>	<u>\$ 230,727</u>	<u>\$ 263,171</u>	<u>\$ 15,438,769</u>
Accumulated Depreciation:				
Building and Improvements	\$ 7,675,935	\$ 366,109	\$	\$ 8,042,044
Furniture and Equipment	228,597	7,159		235,756
Vehicles	652,631	62,216	263,171	451,676
	<u>\$ 8,557,163</u>	<u>\$ 435,484</u>	<u>\$ 263,171</u>	<u>\$ 8,729,476</u>
Total Net Value of Capital Assets	<u>\$ 6,914,050</u>	<u>\$ (204,757)</u>	<u>\$ 0</u>	<u>\$ 6,709,293</u>

Depreciation expense of \$435,484 was charged to functions of the primary government as follows:

Instruction	\$ 183,857
Instruction Resources and Media Services	16,206
Curriculum and Instructional Staff Development	285
School Leadership	7,677
Guidance, Counseling, and Evaluation Services	2,999
Health Services	663
Student Transportation	50,231
Food Services	19,865
Extracurricular Activities	22,157
General Administration	37,072
Plant Maintenance and Operations	83,816
Security and Monitoring Services	440
Data Processing Services	10,216
	<u>\$ 435,484</u>

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

Buildings and Improvements	15 - 30 years
Furniture and Equipment	5 - 10 years
Vehicles	5 - 10 years

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Outflows on the Statement on Net Position consists of the District’s proportionate share of TRS pension deferred outflows of \$156,370 (See Note 10), and the District’s proportionate share of TRS OPEB deferred outflows of \$132,863 (See Note 11).

Deferred Inflows on the Statement on Net Position consists of the District’s proportionate share of TRS pension deferred inflows of \$369,453 (See Note 10) and the District’s proportionate share of TRS OPEB deferred inflows of \$547,140 (See Note 11).

Deferred Inflows on the Balance Sheet – Governmental Funds consists of:

	General Fund	Debt Service Fund	Total
Property Taxes - Delinquent	\$ 10,339	\$ 3,220	\$ 13,559
Less: Allowance for Uncollectible Taxes	(542)	(164)	(706)
Total Deferred Inflows (Exhibit C-1)	<u>\$ 9,797</u>	<u>\$ 3,056</u>	<u>\$ 12,853</u>

8. LONG-TERM DEBT

General Obligation Bonds

A summary of bonds payable as of August 31, 2022, is as follows:

Description	Interest Rate	Amount Originally Issued	Interest Current Year	Due Within One Year
2016 Unlimited Tax Refunding Bonds	5.00%	\$ 1,240,000	\$ 10,000	\$
2021 Unlimited School Building Bonds	0.75%	1,075,000	12,358	260,000
		<u>\$ 2,315,000</u>	<u>\$ 22,358</u>	<u>\$ 260,000</u>

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

A summary of changes in bonds and notes payable for the year ended August 31, 2022, is as follows:

Description	Amount Outstanding 9/1/2021	Issued Current Year	Retired Current Year	Amount Outstanding 8/31/2022
2016 Unlimited Tax Refunding Bonds	\$ 400,000	\$	\$ 400,000	\$ 0
2021 Unlimited School Building Bonds	1,075,000	<u> </u>	15,000	1,060,000
	<u>\$ 1,475,000</u>	<u>\$ 0</u>	<u>\$ 415,000</u>	<u>\$ 1,060,000</u>

During the fiscal year ended August 31, 2017, the District issued \$1,240,000 in unlimited tax refunding bonds, Series 2016, with an average interest rate of 5.00%. The final payment on this bond series was made in February 2022.

During the fiscal year ended August 31, 2022, the District issued \$1,075,000 in unlimited school building bonds, Series 2021, with an average interest rate of 0.75% and annual maturities through 2026.

Interest expenditures for bonded debt for the year ended August 31, 2022, totaled \$22,358.

Debt service requirements for all bonds are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2023	\$ 260,000	\$ 7,068	\$ 267,068
2024	260,000	5,106	265,106
2025	270,000	3,172	273,172
2026	270,000	1,080	271,080
	<u>\$ 1,060,000</u>	<u>\$ 16,426</u>	<u>\$ 1,076,426</u>

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

9. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Capital Projects Fund	Totals
Property Taxes, Penalties, Interest, and Other Tax-Related Income	\$ 1,193,861	\$ 434,681	\$	\$ 1,628,542
Interest Income	29,873		2,131	32,004
Rent	99,262			99,262
Insurance Recovery	133,000			133,000
Co-Curricular Student Activities	6,813			6,813
Other	44,880			44,880
	<u>\$ 1,507,689</u>	<u>\$ 434,681</u>	<u>\$ 2,131</u>	<u>\$ 1,944,501</u>

10. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

The information provided in the Notes to the Financial Statements in the 2021 and 2020 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2021 and 2020:

<u>Net Pension Liability</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability	\$ 227,273,463,630	\$ 218,974,205,084
Less: Plan Fiduciary Net Position	<u>(201,807,002,496)</u>	<u>(165,416,245,243)</u>
Net Pension Liability	<u>\$ 25,466,461,134</u>	<u>\$ 53,557,959,841</u>
Net Position as Percentage of Total Pension Liability	88.79%	75.54%

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 five 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 five years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS's 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.

State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. The pension became actuarially sound in May 2019 with the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provided gradual contribution increases from the state, participating employers, and active employees for the fiscal years 2020 through 2025.

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Contributions

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

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

	Contribution Rates	
	2021	2022
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.50%

2022 Employer Contributions	\$	51,681
2022 Member Contributions		134,153
2021 NECE On-Behalf Contributions		109,773

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, 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 including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-education and general, or local funds.

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

- All public schools, charter schools, and regional educational service centers must contribute 1.6% of the member's salary beginning in fiscal year 2021, gradually increasing to 2% in fiscal year 2025. The surcharge for fiscal year 2022 is 1.7%.
- When employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

Roll Forward – The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the total pension liability to August 31, 2021.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has the sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018.

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

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

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

The following table discloses the assumptions that were applied to the measurement period:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-Term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	1.95% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the 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% of payroll in fiscal year 2020, gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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, 2021 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	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	0.02%	0.01%
Absolute Return (Including Credit)		1.10%	
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources, and Infrastructure	6.00%	4.70%	0.35%
Commodities		1.70%	
Risk Parity	8.00%	2.80%	0.28%
Asset Allocation Leverage Cash			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag****			-0.95%
Expected Return	100.00%		6.90%

* - Absolute Return includes Credit Sensitive Investments

** - Target allocations are based on the FY 2021 policy model

*** - Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021)

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

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's Proportionate Share of the Net Pension Liability	\$ <u>597,901</u>	\$ <u>273,619</u>	\$ <u>10,528</u>

Pension Liabilities and Pension Expense

At August 31, 2022, the District reported a liability of \$273,619 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 273,619
State's Proportionate Share that is Associated with the District	<u>655,075</u>
Total	<u>\$ 928,694</u>

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

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.001074% which was a decrease of 0.000061% from its proportion measured as of August 31, 2020.

For the year ended August 31, 2022, the District recognized pension expense of \$2,619 and revenue of \$109,773 for support provided by the State in the Government Wide Statement of Activities.

Changes since the Prior Actuarial Valuation

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

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 458	\$ 19,263
Changes in Actuarial Assumptions	96,719	42,161
Difference Between Projected and Actual Investment Earnings		229,426
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	7,512	78,603
Contributions Paid to TRS Subsequent to the Measurement Date	51,681	
Total	<u>\$ 156,370</u>	<u>\$ 369,453</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

	Pension (Benefit) Expense
2023	\$ (49,501)
2024	(52,437)
2025	(68,470)
2026	(83,056)
2027	(9,382)
Thereafter	(1,918)

11. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

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

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

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

OPEB Plan Fiduciary Net Position

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2021 and 2020 are as follows:

<u>Net OPEB Liability</u>	<u>2021</u>	<u>2020</u>
Total OPEB Liability	\$ 41,113,711,083	\$ 40,010,833,815
Less: Plan Fiduciary Net Position	(2,539,242,470)	(1,996,317,932)
Net OPEB Liability	<u>\$ 38,574,468,613</u>	<u>\$ 38,014,515,883</u>
 Net Position as Percentage of Total Pension OPEB	 6.18%	 4.99%

Benefits Provided

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

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

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th Legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

The premium rates for retirees are presented below:

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

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

The following table shows contributions to the TRS-Care plan by type of contributor:

	Contribution Rates	
	2021	2022
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
2022 Employer Contributions	\$	12,799
2022 Member Contributions		10,900
2021 NECE On-Behalf Contributions		17,732

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

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$2,208,137 for fiscal year 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding for both years was in fiscal year 2021.

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.

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Salary Increases	3.05% to 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

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

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Discount Rate

A single discount rate of 1.95% was used to measure the Total OPEB Liability. There was a decrease of .38% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021, using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's Proportionate Share of the Net OPEB Liability	\$ 788,273	\$ 653,501	\$ 547,432

Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 529,315	\$ 653,501	\$ 820,130

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

OPEB Liabilities and OPEB Expense

At August 31, 2022, the District reported a liability of \$653,501 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	\$	653,501
State's Proportionate Share that is Associated with the District		<u>875,546</u>
Total	\$	<u><u>1,529,047</u></u>

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

At August 31, 2021, the employer's proportion of the collective net OPEB liability was 0.001694% compared to the 0.001790% as of August 31, 2020. This is a decrease of 0.000096%.

For the year ended August 31, 2022, the District recognized OPEB expense of \$32,314 and revenue of \$17,732 for support provided by the State.

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 since the prior measurement period:

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

There were no changes of benefit terms that affected measurement of the total OPEB liability since the prior measurement date.

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 28,136	\$ 316,340
Changes in Actuarial Assumptions	72,383	138,203
Difference Between Projected and Actual Investment Earnings	709	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	18,836	92,596
Contributions Paid to TRS Subsequent to the Measurement Date	12,799	
Total	<u>\$ 132,863</u>	<u>\$ 547,139</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to OPEBs will be recognized in OPEB expense as follows:

	OPEB (Benefit) Expense
2023	\$ (77,809)
2024	(77,825)
2025	(77,821)
2026	(60,619)
2027	(37,330)
Thereafter	(95,671)

12. RISK MANAGEMENT

The District's risk management program includes coverage, through various third party insurance providers, to protect the District against losses related to torts, errors, and omissions, theft and damage or destruction of property, employee health, and natural disasters. For the year ended August 31, 2022, there were no significant reductions in insurance coverage from the previous year.

13. HEALTH CARE COVERAGE

During the year ended August 31, 2022, employees of the District were covered by a health insurance plan through TRS – Active Care. The District contributed \$225 of the employee-only premium per month and employees, at their option, authorized payroll withholdings to pay contributions for dependents. Under this plan, the District is not liable for costs incurred beyond the premiums paid.

Payments made on behalf of the District by the state for Medicare, Part D fringe benefits and salaries amounted to \$5,296 and \$7,482 for the years ended August 31, 2022 and 2021, respectively.

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

14. CHAPTER 313 AGREEMENT

The District has accepted an application for value limitation for White Oak Energy, LLC as an incentive for the entity to add taxable property within the District and create jobs. This agreement is still in the application phase.

15. LITIGATION

Management represents there is no litigation pending against the District which would have a material effect on the financial statements.

16. COMMITMENTS AND CONTINGENCIES

Federal and State Funding

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability 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 combined financial statements for such contingencies.

17. SUBSEQUENT EVENTS

The District's management has evaluated subsequent events through November 2, 2022, the date which the financial statements were available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

GUTHRIE COMMON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2022

Exhibit G-1

Data Control Codes	1	2	3	Variance With Final Budget Favorable (Unfavorable)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
REVENUES:				
5700 Local and Intermediate Sources	\$ 1,335,308	\$ 1,485,308	\$ 1,507,689	\$ 22,381
5800 State Program Revenues	848,577	1,076,577	1,083,949	7,372
5900 Federal Program Revenues	<u>20</u>	<u>20</u>		<u>(20)</u>
5020 Total Revenues	\$ <u>2,183,905</u>	\$ <u>2,561,905</u>	\$ <u>2,591,638</u>	\$ <u>29,733</u>
EXPENDITURES:				
0011 Instruction	\$ 1,339,427	\$ 1,387,427	\$ 1,357,625	\$ 29,802
0012 Instructional Resources and Media Services	115,028	140,028	125,324	14,704
0013 Curriculum and Instructional Staff Development	10,800	10,800	2,201	8,599
0021 Instructional Leadership	500	500		500
0023 School Leadership	58,731	75,731	59,372	16,359
0031 Guidance, Counseling, and Evaluation Services	24,079	24,079	23,194	885
0033 Health Services	4,300	16,300	5,126	11,174
0034 Student Transportation	189,992	189,992	168,610	21,382
0035 Food Services	193,169	222,169	153,623	68,546
0036 Extracurricular Activities	168,852	238,852	171,348	67,504
0041 General Administration	301,401	321,401	286,694	34,707
0051 Plant Maintenance and Operations	650,560	700,560	636,176	64,384
0052 Security and Monitoring Services	3,800	23,800	3,400	20,400
0053 Data Processing Services	80,094	100,094	79,006	21,088
0081 Facilities Acquisition and Construction		50,000		50,000
0091 Contracted Instructional Services	1,000	1,000		1,000
0093 Payments to Fiscal Agent/Member Districts	23,500	40,500	36,131	4,369
0099 Other Intergovernmental Charges	<u>90,882</u>	<u>90,882</u>	<u>83,117</u>	<u>7,765</u>
6030 Total Expenditures	\$ <u>3,256,115</u>	\$ <u>3,634,115</u>	\$ <u>3,190,947</u>	\$ <u>443,168</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>(1,072,210)</u>	\$ <u>(1,072,210)</u>	\$ <u>(599,309)</u>	\$ <u>472,901</u>
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real Property	\$ <u> </u>	\$ <u> </u>	\$ <u>40,700</u>	\$ <u>40,700</u>
7080 Total Other Financing Sources (Uses)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>40,700</u>	\$ <u>40,700</u>
1200 Net Change in Fund Balance	\$ (1,072,210)	\$ (1,072,210)	\$ (558,609)	\$ 513,601
0100 September 1 - Fund Balance	<u>3,884,483</u>	<u>3,884,483</u>	<u>3,884,483</u>	<u>0</u>
3000 August 31 - Fund Balance	\$ <u><u>2,812,273</u></u>	\$ <u><u>2,812,273</u></u>	\$ <u><u>3,325,874</u></u>	\$ <u><u>513,601</u></u>

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit G-2

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS RETIREMENT SYSTEM FOR THE YEARS ENDED AUGUST 31

	2022 Plan Year 2021	2021 Plan Year 2020	2020 Plan Year 2019	2019 Plan Year 2018	2018 Plan Year 2017	2017 Plan Year 2016	2016 Plan Year 2015	2015 Plan Year 2014
District's Proportion of the Net Pension Liability	0.001074%	0.001136%	0.001282%	0.001258%	0.001293%	0.001358%	0.001366%	0.000785%
District's Proportionate Share of Net Pension Liability	\$ 273,619	\$ 608,163	\$ 666,594	\$ 692,371	\$ 413,364	\$ 513,286	\$ 482,782	\$ 209,711
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>655,075</u>	<u>1,443,117</u>	<u>1,403,642</u>	<u>1,487,254</u>	<u>941,068</u>	<u>1,285,884</u>	<u>1,249,323</u>	<u>976,257</u>
Total	<u>\$ 928,694</u>	<u>\$ 2,051,280</u>	<u>\$ 2,070,236</u>	<u>\$ 2,179,625</u>	<u>\$ 1,354,432</u>	<u>\$ 1,799,170</u>	<u>\$ 1,732,105</u>	<u>\$ 1,185,968</u>
District's Covered Payroll	\$ 1,764,611	\$ 1,811,974	\$ 1,771,041	\$ 1,684,252	\$ 1,725,488	\$ 1,856,434	\$ 1,787,232	\$ 1,638,451
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	15.51%	33.56%	37.64%	41.11%	23.96%	27.65%	27.01%	12.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: The information on this schedule is presented as of the measurement date of the plan (August 31, 20XX). Therefore, the amounts reported for FY 2022 are for the measurement date of August 31, 2021.

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

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit G-3

SCHEDULES OF DISTRICT CONTRIBUTIONS
FOR PENSIONS
TEACHERS RETIREMENT SYSTEM
FOR THE YEARS ENDED AUGUST 31

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 51,681	\$ 45,858	\$ 46,854	\$ 44,883	\$ 52,080	\$ 42,369	\$ 40,441	\$ 19,905
Contribution in Relation to the Contractually Required Contribution	<u>(51,681)</u>	<u>(45,858)</u>	<u>(46,854)</u>	<u>(44,883)</u>	<u>(52,080)</u>	<u>(42,369)</u>	<u>(40,441)</u>	<u>(19,905)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered Payroll	\$ 1,676,916	\$ 1,764,611	\$ 1,811,974	\$ 1,771,041	\$ 1,684,252	\$ 1,725,488	\$ 1,856,434	\$ 1,787,232
Contributions as a Percentage of Covered Payroll	3.08%	2.60%	2.59%	2.53%	3.09%	2.46%	2.18%	1.11%

Note: The information on this schedule is presented as of the District's respective fiscal years.

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

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit G-4

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TEACHERS RETIREMENT SYSTEM FOR THE YEARS ENDED AUGUST 31

	2022 Plan Year 2021	2021 Plan Year 2020	2020 Plan Year 2019	2019 Plan Year 2018	2018 Plan Year 2017
District's Proportion of the Net OPEB Liability	0.001694%	0.001790%	0.001872%	0.001831%	0.001825%
District's Proportionate Share of Net OPEB Liability	\$ 653,501	\$ 680,497	\$ 885,157	\$ 914,215	\$ 793,775
State's Proportionate Share of the Net OPEB Liability Associated with the District	<u>875,546</u>	<u>914,425</u>	<u>1,176,176</u>	<u>1,526,706</u>	<u>1,435,374</u>
Total	<u>\$ 1,529,047</u>	<u>\$ 1,594,922</u>	<u>\$ 2,061,333</u>	<u>\$ 2,440,921</u>	<u>\$ 2,229,149</u>
District's Covered Payroll	\$ 1,764,611	\$ 1,811,974	\$ 1,771,041	\$ 1,684,252	\$ 1,725,488
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	37.03%	37.56%	49.98%	54.28%	46.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.18%	4.99%	2.66%	1.57%	0.91%

Note: The information on this schedule is presented as of the measurement date of the plan (August 31, 20XX). Therefore, amounts reported for FY 2022 are for the measurement date of August 31, 2021.

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

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit G-5

SCHEDULES OF DISTRICT CONTRIBUTIONS
FOR OTHER POST-EMPLOYMENT BENEFITS
TEACHERS RETIREMENT SYSTEM
FOR THE YEARS ENDED AUGUST 31

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 12,799	\$ 13,235	\$ 13,590	\$ 13,284	\$ 12,631
Contribution in Relation to the Contractually Required Contribution	<u>(12,799)</u>	<u>(13,235)</u>	<u>(13,590)</u>	<u>(13,284)</u>	<u>(12,631)</u>
Contribution Deficiency (Excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
District's Covered Payroll	\$ 1,676,916	\$ 1,764,611	\$ 1,811,974	\$ 1,771,041	\$ 1,684,252
Contributions as a Percentage of Covered Payroll	0.76%	0.75%	0.75%	0.75%	0.75%

Note: The information on this schedule is presented as of the District's respective fiscal years.

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

GUTHRIE COMMON SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A. NOTES TO SCHEDULES FOR THE TRS PENSION

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 that affected measurement of the total pension liability during the measurement period.

B. NOTES TO SCHEDULES FOR THE TRS OPEB 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

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

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

SUPPLEMENTARY INFORMATION

EXHIBITS H-1 THROUGH J-4

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit H-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2022

	Special Revenue Funds		
	410	429	Total Nonmajor Governmental Funds
	State Textbook Fund	Other State Special Revenue Funds	
ASSETS:			
Due from Other Governments	\$ <u>3,253</u>	\$ <u>43</u>	\$ <u>3,296</u>
Total Assets	\$ <u><u>3,253</u></u>	\$ <u><u>43</u></u>	\$ <u><u>3,296</u></u>
LIABILITIES:			
Due to Other Funds	\$ <u>3,253</u>	\$ <u>43</u>	\$ <u>3,296</u>
Total Liabilities	\$ <u><u>3,253</u></u>	\$ <u><u>43</u></u>	\$ <u><u>3,296</u></u>
FUND BALANCES:			
Unassigned	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Total Fund Balances	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>
Total Liabilities and Fund Balances	\$ <u><u>3,253</u></u>	\$ <u><u>43</u></u>	\$ <u><u>3,296</u></u>

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	Special Revenue Funds				Total Nonmajor Governmental Funds
	255 ESEA II, A Training and Recruiting	270 ESEA VI Part B Rural and Low Income	410 State Textbook Fund	429 Other State Special Revenue Funds	
REVENUES:					
State Program Revenues	\$	\$	\$	\$	\$
Federal Program Revenues	3,504	8,947	21,083	1,123	22,206 12,451
Total Revenues	\$ 3,504	\$ 8,947	\$ 21,083	\$ 1,123	\$ 34,657
EXPENDITURES:					
Instruction	\$	\$	\$	\$	\$
Plant Maintenance and Operations	3,504	8,947	21,083	1,123	33,534 1,123
Total Expenditures	\$ 3,504	\$ 8,947	\$ 21,083	\$ 1,123	\$ 34,657
Excess (Deficit) of Revenues Over (Under) Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance - September 1 (Beginning)	0	0	0	0	0
Fund Balance - August 31 (Ending)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit J-1

SCHEDULE OF DELINQUENT TAXES RECEIVABLE FOR THE YEAR ENDED AUGUST 31, 2022

Last Ten Years Ended August 31	1		2	3	10	20	31	32	40	50
	Tax Rates									
	Maintenance	Debt Service								
2013 and Prior Years	Various	Various	\$ Various	\$ 1,241	\$	\$ 6	\$ 2	\$ (527)	\$ 706	
2014	1.00000	0.30250	286,033,145	135		5	2		128	
2015	1.03000	0.29890	283,878,516	1,514		8	2		1,504	
2016	1.03000	0.33060	257,455,023	2,431		5	2		2,424	
2017	1.03000	0.29650	159,333,406	543		133	38		372	
2018	1.04000	0.28170	166,411,789	904		246	67		591	
2019	1.04000	0.27770	169,223,512	852		285	76		491	
2020	0.97000	0.23480	196,778,834	2,390		469	114		1,807	
2021	0.96640	0.28280	163,060,627	6,048		3,832	1,121	(32)	1,063	
2022 (School Year Under Audit)	0.96340	0.35060	124,935,275		1,641,650	1,199,509	436,525	(1,143)	4,473	
1000				\$ 16,058	\$ 1,641,650	\$ 1,204,498	\$ 437,949	\$ (1,702)	\$ 13,559	

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit J-2

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	1 Budgeted Amounts		3	Variance With Final Budget Favorable (Unfavorable)	
	Original	Amended	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 437,354	\$ 437,354	\$ 434,681	\$ (2,673)
5020	Total Revenues	\$ 437,354	\$ 437,354	\$ 434,681	\$ (2,673)
EXPENDITURES:					
0071	Principal on Long-Term Debt	\$ 445,000	\$ 445,000	\$ 415,000	\$ 30,000
0072	Interest on Long-Term Debt	43,108	43,108	22,358	20,750
0073	Bond Issuance Cost and Fees	800	800	450	350
6030	Total Expenditures	\$ 488,908	\$ 488,908	\$ 437,808	\$ 51,100
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (51,554)	\$ (51,554)	\$ (3,127)	\$ 48,427
1200	Net Change in Fund Balance	\$ (51,554)	\$ (51,554)	\$ (3,127)	\$ 48,427
0100	September 1 - Fund Balance	64,420	64,420	64,420	0
3000	August 31 - Fund Balance	\$ 12,866	\$ 12,866	\$ 61,293	\$ 48,427

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit J-4

**STATE COMPENSATORY EDUCATION AND BILINGUAL
EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2022**

Section A: Compensatory Education Programs

AP1	Did the district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district 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.	\$ 39,424
AP4	List the actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 60,008

Section B: Bilingual Education Programs

AP5	Did the district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district 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 district's fiscal year.	\$ 2,456
AP8	List the actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25, 35)	\$ 1,986

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

**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**

Independent Auditor's Report

Board of School Trustees
Guthrie Common School District
Guthrie, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Guthrie Common School District (the District), as of and for the year ended August 31, 2022, and related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 2, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

November 2, 2022

GUTHRIE COMMON SCHOOL DISTRICT

**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2022**

Current Year Findings –

N/A

Corrective Action Plan –

N/A

Status of Prior Year Findings –

N/A