

ANNUAL FINANCIAL REPORT

of

**SAN FELIPE DEL RIO
CONSOLIDATED INDEPENDENT
SCHOOL DISTRICT**

**For the Ten Months Ended
June 30, 2021**

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS

June 30, 2021

	<u>Page</u>	<u>Exhibit</u>
<u>INTRODUCTORY SECTION</u>		
Certificate of Board	3	
<u>FINANCIAL SECTION</u>		
Independent Auditors' Report	7	
Management's Discussion and Analysis (Required Supplementary Information)	13	
<u>BASIC FINANCIAL STATEMENTS</u>		
Government-Wide Financial Statements		
Statement of Net Position	23	A-1
Statement of Activities	25	B-1
Fund Financial Statements		
 Governmental Funds Financial Statements		
Balance Sheet – Governmental Funds	26	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	29	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	30	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33	C-3
 Proprietary Fund Financial Statements		
Statement of Net Position – Proprietary Fund	35	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	37	D-2
Statement of Cash Flows – Proprietary Fund	39	D-3
 Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Position – Fiduciary Fund	41	E-1
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	43	E-2
Notes to Financial Statements	45	
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	81	G-1
Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas (TRS)	82	G-2
Schedule of District Contributions – Teacher Retirement System of Texas (TRS)	84	G-3

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS (Continued)

June 30, 2021

	<u>Page</u>	<u>Exhibit</u>
<u>REQUIRED SUPPLEMENTARY INFORMATION - Continued</u>		
Schedule of the District's Proportionate Share of the Net OPEB Liability – Texas Public School Retired Employees Group Insurance Program (TRS-Care)	86	G-4
Schedule of District Contributions – Texas Public School Retired Employees Group Insurance Program (TRS-Care)	87	G-5
<u>OTHER SUPPLEMENTARY INFORMATION</u>		
Combining Balance Sheet – Nonmajor Governmental Funds	90	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	96	H-2
Schedule of Delinquent Taxes Receivable for the Ten Months Ended June 30, 2021	102	J-1
Schedule of Delinquent Taxes Receivable for the Twelve Months Ended August 31, 2021	104	J-1
Budgetary Comparison Schedule – National School Breakfast and Lunch Program	107	J-2
Budgetary Comparison Schedule – Debt Service Fund	109	J-3
Use of Funds Report – Select State Allotment Program	111	J-4
<u>FEDERAL AWARDS AND COMPLIANCE SECTION</u>		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	115	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	117	
Summary Schedule of Prior Year Audit Findings	119	
Schedule of Findings and Questioned Costs	121	
Schedule of Expenditures of Federal Awards	122	K-1
Notes to Schedule of Expenditures of Federal Awards	125	
Schedule of Required Responses to Selected School First Indicators	127	L-1

INTRODUCTORY SECTION

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CERTIFICATE OF BOARD

San Felipe Del Rio Consolidated
Independent School District
Name of School District

Val Verde
County

233-901
Co. Dist. Number

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

Diana E. Gonzales
Signature of Board Secretary

Samuel S. May
Signature of Board President

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

(attach list as necessary)

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
San Felipe Del Rio Consolidated Independent School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Felipe Del Rio Consolidated Independent School District (the "District"), as of and for the ten months ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Fiscal Year End

As discussed in Note 1 to the financial statements, the District changed its fiscal year end from August 31 to June 30 effective for the 2020-2021 reporting period. Therefore, the basic financial statements present the ten-month period from September 1, 2020 through June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information, and the schedule of required responses to selected school first indicators are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial

statements, the schedule of expenditures of federal awards, and the other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and the schedule of required responses to selected school first indicators have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021 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 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
November 19, 2021

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***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Ten Months Ended June 30, 2021

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of San Felipe Del Rio Consolidated Independent School District (the "District") for the ten months ending June 30, 2021. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

House Bill 98 enacted by the 76th Legislature of the State of Texas allowed school districts to change their fiscal year end from August 31 to June 30 beginning with the 2001-2002 fiscal year. For the current period the District elected to change to a June 30th year end to better align the District's operating year with its academic school year. Also, District's with a June 30th year end are often viewed as more favorably from a financial health standpoint as their fund balance is larger than if they had an August 31st year due to the inclusion of two months of additional expenses. The change eliminated the disadvantage the District previously faced when its fund balance was compared to other June 30th year ends. As such, the financial statements are presented for a ten-month period of September 1, 2020 through June 30, 2021.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at June 30, 2021 was \$16,946,260.
- For the ten months ended June 30, 2021, the District's general fund reported a total fund balance of \$43,323,176, of which \$807,912 is nonspendable, \$5,622,143 is committed for construction-related purposes, and \$36,893,121 is unassigned.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds, the debt service fund, and the capital projects fund) reported combined ending fund balances of \$61,389,729.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplementary Information*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements provide information about the financial relationships in which the District acts in a manner similar to that of a private business. These statements include the District's internal service fund.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Ten Months Ended June 30, 2021

- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the fiduciary resources belong. These statements include the student activity fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other nonfinancial factors, such as changes in the District's tax base, staffing patterns, enrollment, and attendance, need to be considered in order to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities include the following class of activities:

Governmental Activities – Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operation and maintenance are included in *governmental activities*. Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental activities.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

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

- Some funds are required by State law and other funds are mandated by bond agreements or bond covenants.

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Ten Months Ended June 30, 2021

- The Board of Trustees (the “Board”) establishes other funds to control and manage money set aside for particular purposes or to show that the District is properly using certain taxes and grants.
- Other funds are used to account for assets held by the District in a custodial capacity – these assets do not belong to the District, but the District is responsible to properly account for them.

The District has the following kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* – The District maintains an internal service fund as a proprietary fund. Internal service funds account for services provided to other departments of the District on a cost-reimbursement basis. The District uses this fund to account for the health insurance fund. The District accumulates resources in the health insurance fund from all District funds. Normal expenses in the health insurance fund are expenses related to claims and administrative expenses.
- *Fiduciary funds* – The District serves as the trustee, or fiduciary, for certain funds such as the student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. These activities are excluded from the District’s government-wide financial statements because the District cannot use these assets to finance its governmental operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District’s combined net position was \$16,946,260 at June 30, 2021. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the ten months ended June 30, 2021. *Table 1* indicates the District’s net position increased \$11,354,198 in total from the prior year. The details of this increase can be seen in *Table 2*. Current assets increased a significant amount compared to the prior year primarily due to a decrease in current period expenses related to the change in fiscal year end. Capital assets decreased as a result of the current year’s depreciation expense. Current liabilities increased compared to the prior year primarily due to an increase in wages payable due to the change in the fiscal year end. Wages are accrued based on contract term date. Long-term liabilities decreased significantly compared to the prior year due to a decrease in the net other postemployment benefit (OPEB) liability. Deferred outflows of resources decreased while deferred inflows of resources increased related to the pension and OPEB plans compared to the prior year due to changes in actuarially determined amounts that are deferred.

The District experienced a decrease in total revenue of \$1,457,619 or roughly one percent compared to the prior year. This decrease was largely due to a decrease in operating grants and contributions and grants and contributions not restricted for specific programs. Operating grants and contributions largely decreased compared to the prior year due to less funds received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Grants and contributions not restricted for a specific program primarily decreased compared to prior year due

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Ten Months Ended June 30, 2021

to less state funding recognized in the current period due to the change in fiscal year end. Property taxes increased due to an increase in assessed values of properties. Other revenue increased largely due to insurance recovery for damage from a winter storm. The revenue received for special items is funds recovered in the current period from a fraudulent debt service payment cyber scam in the prior year. More details about the fraudulent payment can be found in Note III.H to the financial statements.

Expenses decreased by \$19,510,169, or 15 percent, across most functions compared to the prior year due to the change in fiscal year end. The prior year also included an expense for special items from the fraudulent debt service payment cyber scam. More details about the fraudulent payment can be found in Note III.H to the financial statements.

Table 1
Net Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Total Change</u>
	<u>2021</u>	<u>2020</u>	<u>2021-2020</u>
Current assets	\$ 81,946,982	\$ 64,221,949	\$ 17,725,033
Capital assets	96,026,629	98,747,031	(2,720,402)
Total Assets	<u>177,973,611</u>	<u>162,968,980</u>	<u>15,004,631</u>
Deferred charge on refunding	979,489	1,140,551	(161,062)
Deferred outflows - pensions	10,441,965	13,974,314	(3,532,349)
Deferred outflows - OPEB	4,146,976	4,892,473	(745,497)
Total Deferred Outflows of Resources	<u>15,568,430</u>	<u>20,007,338</u>	<u>(4,438,908)</u>
Current liabilities	13,859,372	9,043,556	4,815,816
Long-term liabilities	128,593,265	139,921,434	(11,328,169)
Total Liabilities	<u>142,452,637</u>	<u>148,964,990</u>	<u>(6,512,353)</u>
Deferred inflows - pensions	5,348,526	5,842,188	(493,662)
Deferred inflows - OPEB	28,794,618	22,577,078	6,217,540
Total Deferred Inflows of Resources	<u>34,143,144</u>	<u>28,419,266</u>	<u>5,723,878</u>
Net Position:			
Net investment in capital assets	47,919,502	49,354,699	(1,435,197)
Restricted	1,551,082	804,201	746,881
Unrestricted	(32,524,324)	(44,566,838)	12,042,514
Total Net Position	<u>\$ 16,946,260</u>	<u>\$ 5,592,062</u>	<u>\$ 11,354,198</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Ten Months Ended June 30, 2021

Table 2
Changes in Net Position

	Governmental Activities		Total Change
	2021	2020	2021-2020
Revenues			
Program revenues:			
Charges for services	\$ 315,173	\$ 931,311	\$ (616,138)
Operating grants and contributions	21,593,872	27,802,509	(6,208,637)
General revenues:			
Property taxes	24,713,070	20,834,153	3,878,917
Grants and contributions not restricted for specific programs	67,681,460	69,355,968	(1,674,508)
Investment earnings	70,200	760,285	(690,085)
Other revenue	3,234,676	915,692	2,318,984
Special items	1,533,848	-	1,533,848
Total Revenue	<u>119,142,299</u>	<u>120,599,918</u>	<u>(1,457,619)</u>
Expenses			
Instruction	58,555,833	63,331,975	(4,776,142)
Instructional resources and media services	1,206,222	1,514,770	(308,548)
Curriculum/instructional staff development	2,054,697	3,126,906	(1,072,209)
Instructional leadership	1,767,990	2,197,450	(429,460)
School leadership	4,631,350	5,603,103	(971,753)
Guidance, counseling, and evaluation services	4,073,110	4,660,780	(587,670)
Social work services	213,889	291,947	(78,058)
Health services	1,230,674	1,359,228	(128,554)
Student (pupil) transportation	2,931,286	3,649,076	(717,790)
Food services	5,410,334	7,687,060	(2,276,726)
Extracurricular activities	2,493,353	3,427,690	(934,337)
General administration	4,786,002	4,207,171	578,831
Plant maintenance and operations	11,093,350	15,631,159	(4,537,809)
Security and monitoring services	1,554,700	2,162,340	(607,640)
Data processing services	2,377,479	2,650,024	(272,545)
Community services	958,091	1,109,324	(151,233)
Debt service - interest	1,747,776	1,833,279	(85,503)
Debt service - issuance costs and fees	13,477	235,525	(222,048)
Facilities acquisition and construction	150,419	96,140	54,279
Other intergovernmental charges	538,069	509,960	28,109
Special items	-	2,013,363	(2,013,363)
Total Expenses	<u>107,788,101</u>	<u>127,298,270</u>	<u>(19,510,169)</u>
Change in Net Position	11,354,198	(6,698,352)	18,052,550
Beginning net position	5,592,062	12,290,414	(6,698,352)
Ending Net Position	<u>\$ 16,946,260</u>	<u>\$ 5,592,062</u>	<u>\$ 11,354,198</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Ten Months Ended June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the ten months ending June 30, 2021, the District's governmental funds reported a combined fund balance of \$61,389,729. This compares to a combined fund balance of \$47,578,642 at August 31, 2020. The fund balance in the general fund increased by \$14,010,960. Compared to the prior year, revenues increased by \$4,743,847 due largely to an increase in local revenue for insurance recovery due to damage from a winter storm. Compared to the prior year, expenditures decreased by \$7,468,196 across most functions largely due to the change in fiscal year end. There was also a large decrease in capital outlay due to less capital projects and purchases during the current period.

The debt service fund had an increase in fund balance of \$702,235 due to a property tax rate of \$0.0570 per \$100 of valuation adopted for the 2020 tax year and an increase in state revenue.

The capital projects fund had a decrease in fund balance of \$926,662 due to current period capital expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. The District budgets the capital projects fund for each *project*, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended June 30, 2021, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. The general fund's budgeted revenues were more than actual revenues by \$3,495,155 as a result of less local and state funding than anticipated. Total general fund budgeted expenditures exceeded actual expenditures by \$18,843,965 with the largest positive variances in instruction, plant maintenance and operations, data processing services, and debt service payments.

CAPITAL ASSETS

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost or value (if donated) of an amount determined by the Board. During the ten months ended June 30, 2021, the District used a capitalization threshold of \$5,000, which means that all capital type assets, including library books, with a cost or initial value of less than \$5,000 were not included in the capital assets inventory.

At June 30, 2021, the District had a total of \$181,498,496 invested in capital assets such as land, buildings, and District equipment. This total includes \$1,936,581 invested during the ten months ended June 30, 2021.

More detailed information about the District's capital assets can be found in note III.B. to the financial statements.

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Ten Months Ended June 30, 2021

LONG-TERM DEBT

At ten months end, the District had \$57,319,993 in general obligation bonds and a maintenance tax note outstanding versus \$58,934,993 last year. The District paid \$1,615,000 in principal payments during the current period. At ten months end, the District had \$194,593 in capital lease obligations outstanding.

More detailed information about the District's long-term liabilities is presented in note III.C. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's budgeted expenditures for the 2021-2022 school year total \$113,485,793 and the District's Board adopted a Maintenance and Operations tax rate of \$0.9752 and an Interest and Sinking rate of \$0.0570 for a combined rate of \$1.0322 per \$100 of valuation, which is a decrease of \$0.0226 from the prior year.

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 San Felipe Del Rio Consolidated Independent School District, Administration Building, 315 Griner Street, Del Rio, Texas 78840 or by calling (830) 778-4005. The District's website address is www.sfdr-cisd.org.

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BASIC FINANCIAL STATEMENTS

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION - EXHIBIT A-1

June 30, 2021

<u>Data Control Codes</u>		<u>1 Governmental Activities</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 25,533,509
1120	Current investments	38,446,142
1220	Property taxes receivables	5,259,259
1230	Allowance for uncollectible taxes	(265,066)
1240	Due from other governments	9,323,997
1290	Other receivables (net)	2,841,229
1300	Inventories	807,912
		<u>81,946,982</u>
	Capital assets:	
1510	Land	4,859,983
1520	Buildings and improvements, net	85,743,557
1530	Vehicles, furniture and equipment, net	3,214,745
1580	Construction in progress	2,208,344
		<u>96,026,629</u>
1000	Total Assets	<u>177,973,611</u>
	<u>Deferred Outflows of Resources</u>	
1700	Deferred charge on refunding	979,489
1705	Deferred outflows - pensions	10,441,965
1710	Deferred outflows - OPEB	4,146,976
1700	Total Deferred Outflows of Resources	<u>15,568,430</u>
	<u>Liabilities</u>	
2110	Accounts payable	1,675,143
2120	Other liabilities	1,285,216
2140	Accrued interest payable	895,895
2150	Payroll deductions payable	1,621,242
2160	Accrued wages payable	8,275,181
2300	Unearned revenue	106,695
		<u>13,859,372</u>
	Noncurrent liabilities:	
2501	Long-term liabilities due within one year	4,932,241
2502	Long-term liabilities due in more than one year	61,533,568
2540	Net pension liability	30,328,636
2545	Net OPEB liability	31,798,820
		<u>128,593,265</u>
2000	Total Liabilities	<u>142,452,637</u>
	<u>Deferred Inflows of Resources</u>	
2605	Deferred inflows - pensions	5,348,526
2610	Deferred inflows - OPEB	28,794,618
	Total Deferred Inflows of Resources	<u>34,143,144</u>
	<u>Net Position</u>	
3200	Net investment in capital assets	47,919,502
	Restricted for:	
3820	Federal and state programs	706,738
3850	Debt service	702,235
3870	Campus activities	142,109
3900	Unrestricted	(32,524,324)
3000	Total Net Position	<u>\$ 16,946,260</u>

See Notes to Financial Statements.

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - EXHIBIT B-1 For the Ten Months Ended June 30, 2021

Data Control Codes	Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		1	3	4	6
		Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
	Primary Government				
	Governmental Activities				
11	Instruction	\$ 58,555,833	\$ 116,027	\$ 10,656,415	\$ (47,783,391)
12	Instructional resources and media services	1,206,222	3,818	124,925	(1,077,479)
13	Curriculum/instructional staff development	2,054,697	2,748	938,474	(1,113,475)
21	Instructional leadership	1,767,990	3,079	551,963	(1,212,948)
23	School leadership	4,631,350	11,280	367,668	(4,252,402)
31	Guidance, counseling, and evaluation services	4,073,110	7,844	943,689	(3,121,577)
32	Social work services	213,889	517	11,719	(201,653)
33	Health services	1,230,674	2,703	182,845	(1,045,126)
34	Student (pupil) transportation	2,931,286	6,704	289,328	(2,635,254)
35	Food services	5,410,334	34,172	5,164,724	(211,438)
36	Extracurricular activities	2,493,353	82,647	121,582	(2,289,124)
41	General administration	4,786,002	8,229	185,064	(4,592,709)
51	Plant maintenance and operations	11,093,350	26,367	528,112	(10,538,871)
52	Security and monitoring services	1,554,700	3,424	143,776	(1,407,500)
53	Data processing services	2,377,479	5,346	123,406	(2,248,727)
61	Community services	958,091	268	832,909	(124,914)
72	Debt service - interest	1,747,776	-	427,273	(1,320,503)
73	Debt service - issuance costs and fees	13,477	-	-	(13,477)
81	Facilities acquisition and construction	150,419	-	-	(150,419)
99	Other intergovernmental charges	538,069	-	-	(538,069)
TG	Total Governmental Activities	<u>\$ 107,788,101</u>	<u>\$ 315,173</u>	<u>\$ 21,593,872</u>	<u>(85,879,056)</u>
TP	Total Primary Government	<u>\$ 107,788,101</u>	<u>\$ 315,173</u>	<u>\$ 21,593,872</u>	<u>(85,879,056)</u>
	General Revenues				
MT	Property taxes, levied for general purposes				23,361,915
DT	Property taxes, levied for debt service				1,351,155
GC	Grants and contributions not restricted for specific programs				67,681,460
IE	Investment earnings				70,200
MI	Miscellaneous local and intermediate revenue				3,234,676
	Special Items:				
SI	Special items inflow				1,533,848
TR					<u>97,233,254</u>
CN					<u>11,354,198</u>
NB	Beginning net position				5,592,062
NE					<u>\$ 16,946,260</u>
					<u>Ending Net Position</u>

See Notes to Financial Statements.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS - EXHIBIT C-1

June 30, 2021

Data Control Codes	10 General	50 Debt Service	60 Capital Projects	Nonmajor Governmental Funds	
<u>Assets</u>					
1110	Cash and cash equivalents	\$ 6,228,402	\$ 652,086	\$ 15,155,012	\$ 1,823,307
1120	Investment - current	36,602,683	-	1,843,459	-
1220	Taxes receivables	4,970,440	288,819	-	-
1230	Allowance for uncollectible taxes	(250,332)	(14,734)	-	-
1240	Due from other governments	7,032,357	50,148	-	2,241,492
1260	Due from other funds	1,741,163	-	-	-
1290	Other receivables	2,701,188	137,238	-	2,803
1300	Inventories	807,912	-	-	-
1000	Total Assets	\$ 59,833,813	\$ 1,113,557	\$ 16,998,471	\$ 4,067,602
<u>Liabilities</u>					
2110	Accounts payable	\$ 397,726	\$ -	\$ 483,000	\$ 109,898
2120	Short-term debt payable - current	48,894	-	-	10,863
2150	Payroll deductions payable	1,338,339	-	-	282,903
2160	Accrued wages payable	7,307,948	-	-	967,233
2170	Due to other funds	-	-	-	1,741,163
2300	Unearned revenue	-	-	-	106,695
2000	Total Liabilities	9,092,907	-	483,000	3,218,755
<u>Deferred Inflows of Resources</u>					
2600	Unavailable revenue - property taxes	7,417,730	411,322	-	-
<u>Fund Balances</u>					
Nonspendable:					
3410	Inventories	807,912	-	-	-
Restricted:					
3450	Federal or state funds grant restrictions	-	-	-	706,738
3480	Retirement of long-term debt	-	702,235	-	-
3470	Capital acquisitions	-	-	16,515,471	-
3490	Other restricted fund balance	-	-	-	142,109
Committed:					
3510	Construction	5,327,501	-	-	-
3530	Capital expenditures for equipment	102,878	-	-	-
3545	Other committed fund balance	191,764	-	-	-
3600	Unassigned	36,893,121	-	-	-
3000	Total Fund Balances	43,323,176	702,235	16,515,471	848,847
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 59,833,813	\$ 1,113,557	\$ 16,998,471	\$ 4,067,602

See Notes to Financial Statements.

98
Total
Governmental
Funds

\$ 23,858,807
38,446,142
5,259,259
(265,066)
9,323,997
1,741,163
2,841,229
807,912

\$ 82,013,443

\$ 990,624
59,757
1,621,242
8,275,181
1,741,163

106,695

12,794,662

7,829,052

807,912

706,738

702,235

16,515,471

142,109

5,327,501

102,878

191,764

36,893,121

61,389,729

\$ 82,013,443

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R*
June 30, 2021

Total fund balances for governmental funds \$ 61,389,729

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - nondepreciable	7,068,327	
Capital assets - depreciable	<u>88,958,302</u>	96,026,629

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	7,829,052	
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The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.	(235,276)	
---	-----------	--

Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.

Deferred charge on refunding	979,489	
Deferred outflows - pensions	10,441,965	
Deferred outflows - OPEB	4,146,976	
Deferred inflows - pensions	(5,348,526)	
Deferred inflows - OPEB	(28,794,618)	
Net pension liability	(30,328,636)	
Net OPEB liability	(31,798,820)	
Accrued interest payable	(895,895)	
Noncurrent liabilities due in one year	(4,932,241)	
Noncurrent liabilities due in more than one year	<u>(61,533,568)</u>	<u>(148,063,874)</u>

Net Position of Governmental Activities	\$ <u>16,946,260</u>
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See Notes to Financial Statements.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS - EXHIBIT C-2 For the Ten Months Ended June 30, 2021

Data Control Codes	10 General	50 Debt Service	60 Capital Projects	Nonmajor Governmental Funds	
Revenues					
5700	Local, intermediate, and out-of-state	\$ 25,063,505	\$ 1,255,888	\$ 22,059	\$ 119,276
5800	State program revenues	71,826,689	427,273	-	1,071,863
5900	Federal program revenues	1,019,744	-	-	12,830,831
5020	Total Revenues	<u>97,909,938</u>	<u>1,683,161</u>	<u>22,059</u>	<u>14,021,970</u>
Expenditures					
0011	Instruction	47,178,402	-	-	6,209,011
0012	Instructional resources and media services	1,098,115	-	-	52,114
0013	Curriculum and instructional staff development	1,147,370	-	-	712,204
0021	Instructional leadership	1,220,081	-	-	359,994
0023	School leadership	4,419,979	-	-	695
0031	Guidance, counseling, and evaluation services	3,275,385	-	-	594,803
0032	Social work services	215,904	-	-	-
0033	Health services	1,128,595	-	-	87,154
0034	Student (pupil) transportation	2,576,010	-	-	107,212
0035	Food services	90,199	-	-	4,912,470
0036	Extracurricular activities	1,887,937	-	-	70,613
0041	General administration	2,941,527	-	-	1,184
0051	Plant maintenance and operations	11,009,383	-	-	149,208
0052	Security and monitoring services	1,429,487	-	-	40,680
0053	Data processing services	2,232,170	-	-	2,000
0061	Community services	111,855	-	-	719,065
Debt service:					
0071	Principal	1,884,769	-	-	-
0072	Interest	693,389	593,550	-	-
0073	Bond issuance costs and fees	1,000	12,477	-	-
Capital outlay:					
0081	Facilities acquisition and construction	715,692	-	948,721	-
Intergovernmental:					
0099	Other governmental charges	538,069	-	-	-
6030	Total Expenditures	<u>85,795,318</u>	<u>606,027</u>	<u>948,721</u>	<u>14,018,407</u>
1100	Excess (Deficiency) of Revenues				
1100	Over (Under) Expenditures	<u>12,114,620</u>	<u>1,077,134</u>	<u>(926,662)</u>	<u>3,563</u>
Other Financing Sources (Uses)					
7915	Transfers in	374,899	-	-	20,991
8911	Transfers (out)	(20,991)	(374,899)	-	-
8949	Other (uses)	8,584	-	-	-
7080	Total Other Financing Sources (Uses)	<u>362,492</u>	<u>(374,899)</u>	<u>-</u>	<u>20,991</u>
Special Item					
8912	Special item (resources)	1,533,848	-	-	-
1200	Net Change in Fund Balances	14,010,960	702,235	(926,662)	24,554
0100	Beginning fund balances	29,312,216	-	17,442,133	824,293
3000	Ending Fund Balances	<u>\$ 43,323,176</u>	<u>\$ 702,235</u>	<u>\$ 16,515,471</u>	<u>\$ 848,847</u>

See Notes to Financial Statements.

98
Total
Governmental
Funds

\$ 26,460,728
73,325,825

13,850,575

113,637,128

53,387,413
1,150,229
1,859,574
1,580,075
4,420,674
3,870,188
215,904
1,215,749
2,683,222
5,002,669
1,958,550
2,942,711
11,158,591
1,470,167
2,234,170
830,920

1,884,769
1,286,939
13,477

1,664,413

538,069

101,368,473

12,268,655

395,890
(395,890)

8,584

8,584

1,533,848

13,811,087
47,578,642

\$ 61,389,729

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - EXHIBIT C-3*
For the Ten Months Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 13,811,087
Amounts reported for governmental activities in the Statement of Activities 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 and reported as depreciation expense.	
Depreciation	(4,656,983)
Capital outlay, net of disposals	1,936,581
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	1,578,139
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.	
Principal repayments on bonds	1,615,000
Principal repayments on capital leases	269,769
Loss on refunding	(161,062)
Amortization of premiums, net of additions	529,735
Accreted interest	(41,575)
Accrued interest	(787,935)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in compensated absences	(121,720)
Change in net pension liability	315,134
Amortization of deferred outflows - pensions	(3,532,349)
Amortization of deferred inflows - pensions	493,662
Change in net OPEB liability	8,761,826
Amortization of deferred outflows - OPEB	(745,497)
Amortization of deferred inflows - OPEB	(6,217,540)
Net on-behalf contributions adjustment - revenues	5,886,590
Net on-behalf contributions adjustment - expenses	(5,886,590)
Some revenues/expenditures reported in governmental funds are not recognized as revenues/expenses in the Statement of Activities.	
Fund level on-behalf adjustment - revenues	(3,502,762)
Fund level on-behalf adjustment - expenses	3,502,762
The internal service fund is used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	
	(1,692,074)
Change in Net Position of Governmental Activities	\$ 11,354,198

See Notes to Financial Statements.

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUND - EXHIBIT D-1 June 30, 2021

Data Control Codes		Internal Service
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 1,674,702
1000		Total Assets
		1,674,702
	<u>Liabilities</u>	
	Current liabilities:	
2110	Accounts payable	684,519
2120	Other liabilities	1,225,459
2000		Total Liabilities
		1,909,978
	<u>Net Position</u>	
3900	Unrestricted net position	(235,276)
4000		Total Net Position
		\$ (235,276)

See Notes to Financial Statements.

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND - EXHIBIT D-2
For the Ten Months Ended June 30, 2021

Data Control Dates	Internal Service
<u>Operating Revenues</u>	
5700 Local and intermediate sources	\$ 9,856,692
5020	9,856,692
	Total Operating Revenues
	9,856,692
<u>Operating Expenses</u>	
6200 Professional and contracted services	38,911
6400 Other operating costs	11,509,855
6030	11,548,766
	Total Operating Expenses
	11,548,766
1200	Change in Net Position
	(1,692,074)
0100 Beginning net position	1,456,798
3000	Ending Net Position
	\$ (235,276)

See Notes to Financial Statements.

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUND - EXHIBIT D-3 For the Ten Months Ended June 30, 2021

	Internal Service
<u>Cash Flows from Operating Activities</u>	
Cash received from user charges	\$ 9,856,692
Cash payments for insurance claims	(10,551,950)
Cash payments for professional and contracted services	(38,911)
Net Cash (Used) by Operating Activities	\$ (734,169)
Net (Decrease) in Cash and Cash Equivalents	\$ (734,169)
Beginning cash and cash equivalents	2,408,871
Ending Cash and Cash Equivalents	\$ 1,674,702
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating (loss)	\$ (1,692,074)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Increase (Decrease) in:	
Increase (decrease) in accounts payable	651,220
Increase (decrease) in other liabilities	306,685
Net Cash (Used) by Operating Activities	\$ (734,169)

See Notes to Financial Statements.

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND - EXHIBIT E-1

June 30, 2021

Data Control Codes		Custodial Funds
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 24,603
1120	Investment - current	372,202
1000	Total Assets	\$ 396,805
	<u>Liabilities</u>	
	Current liabilities:	
2110	Accounts payable	2,421
2000	Total Liabilities	2,421
	<u>Net Position</u>	
3800	Restricted for individuals and organizations	394,384
3000	Total Net Position	\$ 394,384

See Notes to Financial Statements.

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND - EXHIBIT E-2
For the Ten Months Ended June 30, 2021

	Custodial Funds
<u>Additions</u>	
Donations	\$ 14,551
State revenue	93
Other	36,669
Total Additions	51,313
 <u>Deductions</u>	
Scholarships	17,497
Student activity	91,109
Total Deductions	108,606
Change in Net Position	(57,293)
Beginning net position	451,677
Ending Net Position	\$ 394,384

See Notes to Financial Statements.

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Ten Months Ended June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District is an independent political subdivision of the State governed by a board elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations, and is considered a primary government. As required by GAAP, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District’s financial reporting entity. No other entities have been included in the District’s reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District’s financial reporting entity are based on criteria prescribed by GAAP. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with the prescribed criteria considered in determining that the District’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under GAAP include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be mislead⁴ing or incomplete.

Change in Fiscal Year End

House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2020-2021 reporting period. As such, the financial statements are presented for a ten-month period of September 1, 2020 through June 30, 2021.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following governmental funds:

General Fund

The general fund is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The general fund is always considered a major fund for reporting purposes.

Debt Service Fund

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. While the debt service fund does not meet the requirements to be considered a major fund, it is reported as such due to its significance.

Capital Projects Fund

The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund is considered a major fund for reporting purposes.

Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service. The restricted or committed proceeds of specific revenue sources comprise a substantial

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund. These special revenue funds are not considered major funds for reporting purposes.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the District's internal services are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues include charges for services. Operating expenses include costs of professional and contracted services, claims, and administrative costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The proprietary fund type used by the District includes the following:

Internal Service Fund

This fund is used to account for and report revenue and expenses related to services provided to parties inside the District on a cost-reimbursement basis. This fund accounts for the District's self-insured health insurance plan. Because the principal users of the internal service fund are the District's governmental activities, this fund type is included in the governmental activities column of the governmental-wide financial statements.

Fiduciary Funds

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the District's own programs. The District has the following type of fiduciary funds:

Custodial Fund

The custodial fund reports resources, not in a trust, that are held by the District for other parties outside of the District. Custodial funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's student activity funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, grant revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the District is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Government investment pools and commercial paper

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

5. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Buildings	40 years
Building improvements	40 years
Vehicles	10 years
Office equipment	5 years
Computer equipment	5 years

6. Deferred Outflows/Inflows of Resources

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

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

The State has created a minimum leave program consisting of five days of personal leave per year with no limit on accumulation and transferability among school districts for every person regularly employed in Texas public schools. Local school districts may provide additional sick leave beyond the State minimum. District employees are granted local sick leave depending upon their calendar.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

The District's policy is to use substitute personnel when classroom employees utilize their earned sick days.

A full-time employee who retires from employment with the District and is eligible for monthly retirement benefits of the Teacher Retirement System of Texas (TRS) shall, upon completion of employment, receive a lump sum payment for accrued local sick leave. The employee shall be reimbursed for each day of local sick leave to a maximum of 45 days at one-half the employee's daily rate of pay at the time of retirement.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payment of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

9. Net Position Flow Assumption

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

10. Fund Balance Flow Assumptions

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

11. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted fund balance.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The District's Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The District's Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

12. Estimates

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

13. Data Control Codes

The data control codes refer to the account code structure prescribed by the TEA in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

14. Pensions

The fiduciary net position of 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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

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.

15. Other Postemployment Benefits

The fiduciary net position of the TRS Texas Public School Retired Employees Group Insurance Program ("TRS-Care") 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 other OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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.

16. Self-Funded Program

The District sponsors a modified self-funded plan to provide health care benefits for its employees. The District accounts for health care claims in accordance with the GASB 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB 30, *Risk Financing Omnibus, an Amendment of GASB Statement 10*.

17. Indirect Expenses

School districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other departments of the District for services provided. Operating expenses for the internal service fund include the cost of sales and services,, and claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with GAAP. The original budget is adopted by the District prior to the beginning of the year. The legal level of control is the function code stated in the approved budget. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year.

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the national school lunch and breakfast program special revenue fund, and the debt service fund. The District budgets the capital projects fund for each *project*, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

For the ten months ended June 30, 2021, expenditures exceeded appropriations at the legal level of control as follows:

General Fund	
Data control code 8911: Transfers (out)	\$20,991
Debt Service Fund	
Data control code 8911: Transfers (out)	\$374,899

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of June 30, 2021, the District had the following investments:

<u>Investments</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
Commercial paper	\$ 6,362,748	1.10
Municipal bonds	8,985,339	0.23
Investment pools:		
Lone Star	\$ 5,568,970	0.13
TexPool	17,901,268	0.08
	<u>\$ 38,818,325</u>	
Portfolio weighted average maturity		0.29

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

As of June 30, 2021, the District had the following fair value measurements:

Description	June 30, 2021	Significant Other Observable Inputs (Level 2)
Investments by Fair Value		
Municipal bonds	\$ 8,985,339	\$ 8,985,339
Total	\$ 8,985,339	\$ 8,985,339

Municipal bonds are classified in Level 2 of the fair value hierarchy and are valued using the market approach.

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s investment policy requires funds on deposit at the depository bank to be collateralized. As of June 30, 2021, deposit accounts were entirely insured or collateralized with securities as provided by State laws and regulations and FDIC insurance.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. A portion of the District’s investments are held in external investment pools which are not subject to custodial credit risk. Investments in money market mutual funds and investment pools must be rated at least “AAA” by Standard & Poor’s. Investments in commercial paper must be rated no less than “A1/P1” or its equivalent by two nationally recognized rating agencies, not to exceed 180 days to stated maturity. Certificates of deposit must be fully insured or collateralized. Obligations of, or guaranteed by, the U.S. government, its agencies, and instrumentalities may not to exceed three years to stated maturity.

TexPool

TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Standard & Poor’s rated TexPool “AAAm”. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

Lone Star

Lone Star is a public funds investment pool organized under the authority of the Interlocal Cooperation Act of the Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is sponsored by the Texas Association of School Boards. The Lone Star Investment Pool Board (the "Board") acts as trustee and is comprised of 11 members representing school districts that have adopted the investment agreement, including school board members, school administrators, and school business officials. The Board has entered into an agreement with First Public, LLC to act as administrator for Lone Star. Responsibilities of First Public include daily servicing of participants' accounts, negotiating contracts with investment advisors and other service providers, and performing related administrative services. Finally, Standard & Poor's rates Lone Star "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

Lone Star investments are measured at net asset value. Lone Star has a redemption notice of one day which may be redeemed daily. Lone Star may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects Lone Star's liquidity. The District has no unfunded commitments related to Lone Star.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

B. Capital Assets

A summary of changes in capital assets for governmental activities at ten months end is as follows:

	Beginning Balances	Increases	(Decreases)	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,844,337	\$ 15,646	\$ -	\$ 4,859,983
Construction in progress	2,840,437	1,662,653	(2,294,746)	2,208,344
Total Capital Assets Not Being Depreciated	7,684,774	1,678,299	(2,294,746)	7,068,327
Other capital assets:				
Buildings and improvements	151,536,554	2,294,745	-	153,831,299
Vehicles, furniture, and equipment	20,340,587	258,283	-	20,598,870
Total Other Capital Assets	171,877,141	2,553,028	-	174,430,169
Less accumulated depreciation for:				
Buildings and improvements	(64,594,141)	(3,493,601)	-	(68,087,742)
Vehicles, furniture, and equipment	(16,220,743)	(1,163,382)	-	(17,384,125)
Total Accumulated Depreciation	(80,814,884)	(4,656,983)	-	(85,471,867)
Other capital assets, net	91,062,257	(2,103,955)	-	88,958,302
Governmental Activities Capital Assets, Net	\$ 98,747,031	\$ (425,656)	\$ (2,294,746)	96,026,629
			Less associated debt	(65,602,087)
			Plus deferred charge on refunding	979,489
			Plus unspent bond proceeds	16,515,471
			Net Investment in Capital Assets	\$ 47,919,502

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

Depreciation was charged to governmental functions as follows:

	<u>Governmental Activities</u>
11 Instruction	\$ 3,048,607
12 Instructional resources and media services	38,089
13 Curriculum and instructional staff development	3,311
21 Instructional leadership	36,977
23 School leadership	82,563
31 Guidance, counseling, and evaluation services	3,630
32 Social work services	500
34 Student (pupil) transportation	181,000
35 Food services	131,275
36 Extracurricular activities	473,814
41 General administration	95,023
51 Plant maintenance and operations	232,354
52 Security and monitoring services	50,878
53 Data processing services	128,543
81 Facilities acquisition and construction	150,419
Total Depreciation Expense	<u><u>\$ 4,656,983</u></u>

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

C. Long-Term Debt

The following is a summary of changes in the District's total governmental long-term liabilities for the ten months ended June 30, 2021. In general, the District uses the general and debt service funds to liquidate governmental long-term liabilities.

Governmental Activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds payable:					
Series 2007	\$ 339,993	\$ -	\$ -	\$ 339,993	\$ -
Series 2013	8,965,000	-	(1,615,000)	7,350,000	1,705,000
Series 2015	5,680,000	-	-	5,680,000	880,000
Series 2016	7,505,000	-	-	7,505,000	450,000
Series 2017	4,570,000	-	-	4,570,000	90,000
Series 2020	16,520,000	-	-	16,520,000	265,000
Maintenance tax note:					
Series 2018	15,355,000	-	-	15,355,000	615,000
	<u>58,934,993</u>	<u>-</u>	<u>(1,615,000)</u>	<u>57,319,993</u>	<u>* 4,005,000</u>
Capital leases:					
Virtual network - equipment	27,122	-	(27,122)	-	-
Virtual network - software	102,401	-	(102,401)	-	-
Cyber security - equipment	334,839	-	(140,246)	194,593	149,891
	<u>464,362</u>	<u>-</u>	<u>(269,769)</u>	<u>194,593</u>	<u>* 149,891</u>
Other liabilities:					
Compensated absences	742,002	1,338,546	(1,216,826)	863,722	777,350
Unamortized premium	7,075,906	-	(529,735)	6,546,171	*
Accreted interest	1,499,755	41,575	-	1,541,330	*
Net pension liability	30,643,770	-	(315,134)	30,328,636	-
Net OPEB liability	40,560,646	-	(8,761,826)	31,798,820	-
Total Governmental Activities	<u>\$ 139,921,434</u>	<u>\$ 1,380,121</u>	<u>\$ (12,708,290)</u>	<u>\$ 128,593,265</u>	<u>\$ 4,932,241</u>
				<u>Long-term liabilities due in more than one year</u>	<u>\$ 123,661,024</u>
				<u>*Debt associated with capital assets</u>	<u>\$ 65,602,087</u>

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

Long-term debt at ten months end was comprised of the following debt issues:

Description	Interest Rates	Balance
General Obligation Bonds		
Unlimited Tax Refunding Bonds		
Series 2007	4.51% - 4.53%	\$ 339,993
Series 2013	3.00% - 5.00%	7,350,000
Series 2015	2.00% - 4.00%	5,680,000
Series 2016	3.00% - 4.00%	7,505,000
Series 2017	2.00% - 4.00%	4,570,000
Series 2020	4.00% - 5.00%	16,520,000
Total General Obligation Bonds		\$ 41,964,993
 Maintenance Tax Notes		
Series 2018	4.00% - 5.00%	\$ 15,355,000
Total Maintenance Tax Notes		\$ 15,355,000
 Capital Leases		
Cyber Security - Equipment	4.40%	\$ 194,593
Total Capital Leases		\$ 194,593

The annual requirements to amortize bond and notes issuances outstanding at ten months end were as follows:

Year Ended June 30	Principal	Interest	Total Requirements
2022	\$ 4,005,000	\$ 2,360,300	\$ 6,365,300
2023	4,185,000	2,189,425	6,374,425
2024	4,360,000	2,009,375	6,369,375
2025	4,510,000	1,855,075	6,365,075
2026	2,660,000	1,681,875	4,341,875
2027-2031	13,149,993	6,793,750	19,943,743
2032-2036	11,140,000	3,880,725	15,020,725
2037-2041	5,420,000	2,005,500	7,425,500
2042-2046	3,560,000	1,233,400	4,793,400
2047-2051	4,330,000	446,600	4,776,600
Total	\$ 57,319,993	\$ 24,456,025	\$ 81,776,018

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

The annual requirements to amortize capital lease obligations outstanding at ten months end were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2022	\$ 149,891	\$ 28,890	\$ 178,781
2023	18,692	17,502	36,194
2024	26,010	10,183	36,193
Total	<u>\$ 194,593</u>	<u>\$ 56,575</u>	<u>\$ 251,168</u>

Capital assets acquired under current capital leases obligations totaled \$1,130,309 less accumulated depreciation of \$787,897.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the District could result. The District periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

D. Commitments Under Noncapitalized Leases

The District has active leases for a vehicle lease for the Drivers Education Program for the use of three vehicles, copiers, and technology equipment. The total operating lease expense during the current ten months was \$268,016.

The future minimum lease payments for these leases are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Future Minimum</u> <u>Lease Payments</u>
2022	\$ 317,514
2023	308,664
2024	170,850
Total	<u>\$ 797,028</u>

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

E. Interfund Transactions

The following is a summary of the District's interfund transactions for ten months:

Due To	Due From	Amounts
General fund	Other governmental funds	\$ 1,741,163

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

Transfer In	Transfer Out	Amounts
General fund	Debt service fund	374,899
Other governmental funds	General fund	20,991
		\$ 395,890

Amounts transferred from the debt service fund are related to funds transferred back to the general fund that were received in the prior year to cover debt payments owed to the State. Amounts transferred from the general fund are related to food service expenditures.

IV. OTHER INFORMATION

A. Risk Management

The District's exposed risk of loss related to torts: theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters for which the District purchases insurance from TASB. There have been no significant reductions in coverage from the prior year and settlements have not exceeded amounts of coverage in the past three years.

The District provides a health insurance plan (the "Plan"), and pays the contribution for all employees. The employee pays for any family member coverage. This is provided through a self-insured plan and the District hires AETNA to administer the Plan and the District also pays for stop-loss coverage. Transactions related to the Plan are accounted for in an internal service fund.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

C. Defined Benefit Pension Plan

Teacher Retirement System

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 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. TRS's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position

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

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 the State. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost-of-living adjustments (COLAs). Ad hoc postemployment 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 TRS's actuary.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increase from the State, participating employers, and active employees to make TRS actuarially sound. This action causing TRS to be actuarially sound allowed the Legislature to approve funding for a thirteenth check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. SB12 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

Fiscal Year	Public Education		Active
	State	Employer	Employee
2020	7.50%	1.50%	7.70%
2021	7.50%	1.60%	7.70%
2022	7.75%	1.70%	8.00%
2023	8.00%	1.80%	8.00%
2024	8.25%	1.90%	8.25%
2025	8.25%	2.00%	8.25%

Contribution Rates

	2020	2021
Medicare	7.7%	7.7%
NECE (State)	7.5%	7.5%
Employers	7.5%	7.5%

	Measurement Year (2020)	Ten Months (2021)
District contributions	\$ 2,336,474	\$ 1,916,884
Member contributions	\$ 5,116,350	\$ 4,081,127
NECE on-behalf contributions	\$ 3,580,314	\$ 2,876,921

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

As the NECE for public education and junior colleges, the State contributes to TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

participating members of TRS during that fiscal year reduced by the amounts described below, which are paid by the employers. Employers (public schools, junior colleges, other entities, or the State as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

Actuarial Assumptions

The total pension liability (TPL) in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2019 rolled forward to August 31, 2020
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate as of August 2019	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%, including inflation
Benefit changes during the year	None
Ad hoc postemployment benefit changes	None

The actuarial methods and assumptions used in the determination of the TPL are the same assumptions used in the actuarial valuation as of ending August 31, 2019. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 14, 2019.

Discount Rate

A single discount rate of 7.25% was used to measure the TPL. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the NECE 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, TRS' 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 TRS investments was applied to all periods of projected benefit payments to determine the TPL.

The long-term expected rate of return on TRS investments is 7.25%. The long-term expected rate of return on TRS 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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2020 are summarized below:

**Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2020**

Asset Class	Target Allocation (1)	Long-Term Expected Arithmetic Real Rate of Return (2)	Long-Term Expected Geometric Real Rate of Return (3)
Global Equity			
U.S.	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Resources, and Infrastructure	6.00%	6.00%	0.42%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag(3)			-0.67%
Total	<u>100.00%</u>	<u>33.30%</u>	<u>7.32%</u>

(1) Target allocations are based on the FY2020 policy model.

(2) Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

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

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability (NPL) of TRS using the discount rate of 7.25% and what the NPL would be if it was calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current year rate:

	1% Decrease in Discount Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	<u>\$ 46,766,214</u>	<u>\$ 30,328,636</u>	<u>\$ 16,973,464</u>

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability of \$30,328,636 for its proportionate share of the TRS's NPL. 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 NPL, the related State support, and the total portion of the NPL that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$	30,328,636
State's proportionate share that is associated with the District		46,474,391
Total		<u><u>\$ 76,803,027</u></u>

The NPL was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The District's proportion of the NPL was based on the District's contributions to TRS relative to the contributions of all employers to TRS for the period September 1, 2019 through August 31, 2020.

At August 31, 2020, the District's proportion of the collective NPL was 0.0566277%, which was a decrease of 0.0023218% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

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

For the ten months ended June 30, 2021, the District recognized pension expense of \$5,589,837 and revenue of \$5,589,837 for support provided by the State.

At June 30, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 55,378	\$ 846,392
Changes in actuarial assumptions	7,037,323	2,992,220
Difference between projected and actual investment earnings	613,977	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	818,403	1,509,914
Contributions paid to TRS subsequent to the measurement date	1,916,884	-
Total	<u><u>\$ 10,441,965</u></u>	<u><u>\$ 5,348,526</u></u>

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

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

Year Ended <u>June 30</u>	<u>Pension Expense</u>
2022	\$ 1,051,799
2023	1,242,056
2024	1,176,499
2025	240,352
2026	(479,454)
Thereafter	(54,697)
Total	<u><u>\$ 3,176,555</u></u>

D. Defined Other Postemployment Benefit Plan

Plan Description

The District participates in TRS-Care. It is a multiple-employer, cost-sharing defined benefit OPEB plan that has a special funding situation. TRS-Care is administered through a trust by TRS Board of Trustees (the "Board"). It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detailed information about TRS-Care's fiduciary net position is available in a separately issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_publications.aspx; 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 TRS-Care as of August 31, 2020 are as follows:

Total OPEB liability	\$ 40,010,833,815
Less: plan fiduciary net position	<u>1,996,317,932</u>
Net OPEB Liability	<u><u>\$ 38,014,515,883</u></u>
Net position as a percentage of total OPEB liability	4.99%

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public and charter schools, regional education service centers, and other educational districts who are members of TRS. 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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

for TRS-Care coverage, a retiree must have at least 10 years of service credit in TRS. There are no automatic post-employment benefit changes, including automatic COLAs.

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

TRS-Care Plan Premium Rates		
	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and spouse	\$ 529	\$ 689
Retiree* and children	\$ 468	\$ 408
Retiree and family	\$ 1,020	\$ 999
<i>*or surviving spouse</i>		

Contributions

Contribution rates for TRS-Care are established in state statute by the Texas Legislature and there is no continuing obligation to provide benefits beyond each fiscal year. TRS-Care 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 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. The actual employer contribution rate is prescribed by the Legislature in the GAA. The following table shows contributions to TRS-Care by type of contributor:

Contribution Rates		
	2020	2021
Active employee	0.65%	0.65%
NECE (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%
	Measurement Year (2020)	Ten Months (2021)
District contributions	\$ 635,792	\$ 510,229
Member contributions	\$ 215,950	\$ 172,255
NECE on-behalf contributions	\$ 854,340	\$ 662,521

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

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

Actuarial Assumptions

The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the TRS pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

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

- | | |
|-------------------------|----------------------------|
| 1. Rates of Mortality | 5. General Inflation |
| 2. Rates of Retirement | 6. Wage Inflation |
| 3. Rates of Termination | 7. Expected Payroll Growth |
| 4. Rates of Disability | |

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 most recently published scale.

The initial medical trend rates were 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. There was an initial prescription drug trend rate of 9.00% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

Additional actuarial methods and assumptions are as follows:

Valuation date	8/31/2019 rolled forward to 8/31/2020
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Discount rate	2.33% as of August 31, 2020
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 healthcare benefits are included in the age-adjusted claims costs.
Projected salary increases	3.05% to 9.05%, including inflation
Ad hoc postemployment benefit changes	None
Healthcare trend rates	Medical trend rates: 9% (Medicare retirees) and 7.30% (non-Medicare retirees). Prescription drug trend rate: 9%

Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30% in the discount rate since the previous year. Because TRS-Care 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 NECE are made at the statutorily required rates. Based on those assumptions, TRS-Care’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2020 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the net OPEB liability if the discount rate used was 1 percentage lower than and 1 percentage point higher than the discount rate that was used (2.33%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of net OPEB liability	\$ 38,158,511	\$ 31,798,820	\$ 26,775,577

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of TRS-Care 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 1% less than or 1% higher than the assumed healthcare cost trend rate:

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
District's proportionate share of net OPEB liability	\$ 25,975,562	\$ 31,798,820	\$ 39,554,577

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

At August 31, 2020, the District reported a liability of \$31,798,820 for its proportionate share of TRS-Care'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	\$ 31,798,820
State's proportionate share that is associated with the District	42,729,992
Total	\$ 74,528,812

The net OPEB liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to TRS-Care relative to the contributions of all employers to TRS-Care for the period September 1, 2019 through August 31, 2020.

At August 30, 2020, the employer's proportion of the collective net OPEB liability was 0.0836492%, compared to 0.0857678% as of August 31, 2019.

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:

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

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

The amount of OPEB expense recognized by the District in the reporting period was \$1,589,759.

At June 30, 2021, the District reported its proportionate share of TRS-Care'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 economic experience	\$ 1,664,974	\$ 14,552,766
Changes in actuarial assumptions	1,961,326	8,732,120
Differences between projected and actual investment earnings	10,333	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	114	5,509,732
Contributions paid to TRS subsequent to the measurement date	510,229	-
Total	\$ 4,146,976	\$ 28,794,618

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

Year Ended June 30	Expense Amount
2022	\$ (4,125,662)
2023	(4,127,044)
2024	(4,127,834)
2025	(4,127,618)
2026	(3,278,263)
Thereafter	(5,371,450)
	\$ (25,157,871)

For the ten months ended June 30, 2021, the District recognized OPEB expense of \$296,701 and revenue of \$296,701 for support provided by the State.

E. Employee Health Care Coverage

During the ten months ended June 30, 2021, the District contributed \$558 per month for each employee which was deposited into the health insurance fund (the "Fund"). The contribution is deposited monthly into the Fund account and administrative costs are expensed when incurred and reported. The District obtained excess loss insurance (stop-loss coverage), which limited the amount of claims for any one individual to \$600,000 and a unlimited maximum annual aggregate stop-loss coverage. Claims payable, including an estimate for claims incurred but not reported, at June 30, 2021 are \$1,225,459. The Plan is funded to discharge liabilities for the Fund as they become due.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

F. Workers' Compensation Insurance

During the ten months ended June 30, 2021, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's workers' compensation program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2020, the Fund carries a discounted reserve of \$44,135,645 for future development on reported claims and claims that have been incurred but not yet reported. For the ten months ended June 30, 2021, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

G. Unemployment Compensation

During the ten months ended June 30, 2021, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the ten months ended June 30, 2021, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on June 30. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

H. Special Item

During the fiscal year ending August 31, 2020, the District was the victim of a cyber phishing scam that resulted in the loss of District funds in the amount of \$2,013,363 and the delinquent payment of principal and interest due on certain outstanding bonds which included the Unlimited Tax Refunding Bonds, Series 2013 (principal and interest), Unlimited Tax and Refunding Bonds, Series 2016 (interest only), and Unlimited Tax Refunding Bonds, Series 2017 (interest only). The District authorized an appropriation from its general fund reserves to make the debt service payments. During the ten months ending June 30, 2021, the District was able to recover \$1,533,848 of these funds.

I. Prior Period Adjustment

Beginning net position fund balance was restated to recognize the fund balance for GASB Statement No. 84, *Fiduciary Activities*. The beginning fund balance for nonmajor governmental funds and the beginning net position for governmental activities was restated to reclassify groups from the custodial fund to campus activity.

	Other Governmental Funds	Custodial Funds	Governmental Activities
Beginning fund balance/net position - as reported	\$ 804,201	\$ -	\$ 5,571,970
Restatement - due to student groups	-	471,769	-
Restatement - cash	20,092	(20,092)	20,092
Beginning fund balance/net position - restated	\$ 824,293	\$ 451,677	\$ 5,592,062

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REQUIRED SUPPLEMENTARY INFORMATION

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND - EXHIBIT G-1

For the Ten Months Ended June 30, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget
		Original	Final		
<u>Revenues</u>					
5700	Local and intermediate sources	\$ 22,985,748	\$ 25,862,268	\$ 25,063,505	\$ (798,763)
5800	State program revenues	76,474,760	74,149,825	71,826,689	(2,323,136)
5900	Federal program revenues	1,393,000	1,393,000	1,019,744	(373,256)
5020	Total Revenues	<u>100,853,508</u>	<u>101,405,093</u>	<u>97,909,938</u>	<u>(3,495,155)</u>
<u>Expenditures</u>					
0011	Instruction	53,109,865	51,032,519	47,178,402	3,854,117
0012	Instructional resources and media services	1,373,918	1,307,944	1,098,115	209,829
0013	Curriculum/instructional staff development	1,374,994	1,632,710	1,147,370	485,340
0021	Instructional leadership	1,441,174	1,444,862	1,220,081	224,781
0023	School leadership	5,257,596	5,206,416	4,419,979	786,437
0031	Guidance, counseling, and evaluation services	3,820,255	3,765,867	3,275,385	490,482
0032	Social work services	259,273	256,535	215,904	40,631
0033	Health services	1,327,385	1,131,027	1,128,595	2,432
0034	Student (pupil) transportation	3,415,429	3,044,753	2,576,010	468,743
0035	Food services	202,908	534,042	90,199	443,843
0036	Extracurricular activities	3,583,297	2,796,032	1,887,937	908,095
0041	General administration	3,749,271	3,883,119	2,941,527	941,592
0051	Plant maintenance and operations	11,878,452	13,987,223	11,009,383	2,977,840
0052	Security and monitoring services	1,722,256	1,930,287	1,429,487	500,800
0053	Data processing services	2,944,902	3,068,403	2,232,170	836,233
0061	Community services	152,570	147,515	111,855	35,660
<u>Debt service:</u>					
0071	Principal	906,975	2,408,456	1,884,769	523,687
0072	Interest	3,796,488	2,168,739	693,389	1,475,350
0073	Bond issuance costs and fees	1,500	2,100	1,000	1,100
<u>Capital outlay:</u>					
0081	Facilities acquisition and construction	-	4,335,549	715,692	3,619,857
<u>Intergovernmental:</u>					
0099	Other governmental charges	535,000	555,185	538,069	17,116
6030	Total Expenditures	<u>100,853,508</u>	<u>104,639,283</u>	<u>85,795,318</u>	<u>18,843,965</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(3,234,190)</u>	<u>12,114,620</u>	<u>15,348,810</u>
<u>Other Financing Sources (Uses)</u>					
7,915	Transfers in			374,899	374,899
8911	Transfers (out)	-	-	(20,991)	(20,991) *
8949	Other (uses)	-	-	8,584	8,584
7080	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>362,492</u>	<u>362,492</u>
<u>Special Item</u>					
8912	Special items (resources)	-	-	1,533,848	1,533,848
1200	Net Change in Fund Balance	-	(3,234,190)	14,010,960	17,245,150
0100	Beginning fund balance	29,312,216	29,312,216	29,312,216	-
3000	Ending Fund Balance	<u>\$ 29,312,216</u>	<u>\$ 26,078,026</u>	<u>\$ 43,323,176</u>	<u>\$ 17,245,150</u>

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY*
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-2
For the Periods End as Indicated

	Plan Year			
	Measurement Year*			
	2020	2019	2018	2017
District's proportion of the net pension liability (asset)	0.0566277%	0.0589495%	0.0600850%	0.0606732%
District's proportionate share of the net pension liability (asset)	\$ 30,328,636	\$ 30,643,770	\$ 33,072,215	\$ 19,400,017
State's proportionate share of the net pension liability associated with the District	46,474,391	42,673,474	46,682,985	28,746,378
Total	<u>\$ 76,803,027</u>	<u>\$ 73,317,244</u>	<u>\$ 79,755,200</u>	<u>\$ 48,146,395</u>
District's covered payroll**	\$ 66,446,100	\$ 60,882,047	\$ 59,999,224	\$ 59,508,901
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	45.64%	50.33%	55.12%	32.60%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%	73.74%	82.17%

* Only seven years' worth of information is currently available.

** As of the measurement date.

Notes to Required Supplementary Information:

1. *Changes in Assumptions:* There were no changes of assumptions that affected measurement of the total pension liability (TPL) during the measurement period.

2. *Changes in Benefits:* There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

Plan Year		
Measurement Year*		
2016	2015	2014
0.0623701%	0.0645439%	0.0428135%
\$ 23,568,734	\$ 22,815,410	\$ 11,436,077
35,021,451	32,665,742	29,038,237
<u>\$ 58,590,185</u>	<u>\$ 55,481,152</u>	<u>\$ 40,474,314</u>
\$ 59,432,234	\$ 56,506,425	\$ 55,211,617
39.66%	40.38%	20.71%
78.00%	78.43%	83.25%

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-3
For the Periods End as Indicated

	Ten Months**	Fiscal Year*		
	2021	2020	2019	2018
Contractually required contribution	\$ 1,916,884	\$ 2,338,148	\$ 2,063,331	\$ 2,010,730
Contributions in relations to the contractually required contribution	1,916,884	2,338,148	2,063,331	2,010,730
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 53,001,652	\$ 66,446,100	\$ 60,882,047	\$ 59,999,224
Contributions as a percentage of covered payroll	3.62%	3.52%	3.39%	3.35%

* Only seven years' worth of information is currently available.

** Beginning September 1, 2020, the District changed the fiscal year end to June 30, 2021; therefore, the District's covered payroll and contributions includes only ten months of payroll expenditures.

Fiscal Year*		
<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,988,526	\$ 1,979,560	\$ 1,911,172
<u>1,988,526</u>	<u>1,979,560</u>	<u>1,911,172</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 59,508,901	\$ 59,432,234	\$ 56,506,425
3.34%	3.33%	3.38%

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES
GROUP INSURANCE PROGRAM ("TRS-CARE") - EXHIBIT G-4*
For the Periods End as Indicated

	Plan Year			
	Measurement Year*			
	2020	2019	2018	2017
District's proportion of the collective net OPEB liability (asset)	0.0836492%	0.0857678%	0.0867435%	0.0960894%
District's proportionate share of the collective net OPEB liability (asset)	\$ 31,798,820	\$ 40,560,646	\$ 43,311,812	\$ 41,785,687
State's proportionate share of the collective net OPEB liability (asset) associated with the District	42,729,992	53,896,025	47,391,624	43,290,532
Total	<u>\$ 74,528,812</u>	<u>\$ 94,456,671</u>	<u>\$ 90,703,436</u>	<u>\$ 85,076,219</u>
District's covered payroll**	\$ 66,446,100	\$ 60,882,047	\$ 59,999,224	\$ 59,508,901
District's proportionate share of the net OPEB liability (asset) as a percentage of covered payroll	47.86%	66.62%	72.19%	70.22%
Plan fiduciary net position as a percentage of the total	4.99%	2.66%	1.57%	0.91%

* Only four years' worth of information is currently available.

Notes to Required Supplementary Information:

1. *Changes in Assumptions:*

The discount rate was changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability.

The participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the total OPEB liability.

The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the total OPEB liability.

2. *Changes in Benefits:*

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

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES
GROUP INSURANCE PROGRAM ("TRS-CARE") - EXHIBIT G-5
For the Periods End as Indicated

	Ten Months**	Fiscal Year*		
	2021	2020	2019	2018
Statutorily required contributions	\$ 510,229	\$ 645,285	\$ 606,307	\$ 594,838
Contributions in relations to the statutorily required contributions	510,229	645,285	606,307	594,838
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 53,001,652	\$ 66,446,100	\$ 60,882,047	\$ 59,999,224
Contributions as a percentage of covered payroll	0.96%	0.97%	1.00%	0.99%

* Only four years' worth of information is currently available.

** Beginning September 1, 2020, the District changed the fiscal year end to June 30, 2021; therefore, the District's covered payroll and contributions includes only ten months of payroll expenditures.

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***OTHER SUPPLEMENTARY
INFORMATION***

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 1 of 3)
June 30, 2021

Data Control Codes		Special Revenue Funds			
		205	211	212	224
		Head Start	Part A Improving Basic Prog	ESEA Title I, Pt. C Migrant	IDEA-B Formula
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	513,884	616,967	19,131	369,163
1290	Other receivables	-	-	-	-
1000	Total Assets	\$ 513,884	\$ 616,967	\$ 19,131	\$ 369,163
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2120	Short-term debt payable - current	1,367	910	-	989
2150	Payroll deductions payable	53,347	86,716	-	39,536
2160	Accrued wages payable	232,322	275,972	-	167,721
2170	Due to other funds	226,848	253,369	19,131	160,917
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	513,884	616,967	19,131	369,163
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state fund grant restrictions	-	-	-	-
3490	Other restrictions of fund balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 513,884	\$ 616,967	\$ 19,131	\$ 369,163

Special Revenue Funds

225	240	242	244	255	263
IDEA-B Preschool	National School Breakfast and Lunch Program	Summer Feeding Program	Career and Technical Basic	ESEA Title II Part A Training	Title III Part A ELA
\$ -	\$ 978,783	\$ 265,314	\$ -	\$ -	\$ -
11,797	-	338,120	36,167	74,370	5,052
-	-	-	-	-	-
<u>\$ 11,797</u>	<u>\$ 978,783</u>	<u>\$ 603,434</u>	<u>\$ 36,167</u>	<u>\$ 74,370</u>	<u>\$ 5,052</u>
\$ -	\$ 367	\$ 109,531	\$ -	\$ -	\$ -
19	7,400	-	19	109	-
1,762	95,324	-	611	3,718	-
5,580	231,482	-	5,705	32,848	-
4,436	644,210	90,027	29,832	37,695	5,052
-	-	-	-	-	-
<u>11,797</u>	<u>978,783</u>	<u>199,558</u>	<u>36,167</u>	<u>74,370</u>	<u>5,052</u>
-	-	403,876	-	-	-
-	-	-	-	-	-
-	-	<u>403,876</u>	-	-	-
<u>\$ 11,797</u>	<u>\$ 978,783</u>	<u>\$ 603,434</u>	<u>\$ 36,167</u>	<u>\$ 74,370</u>	<u>\$ 5,052</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 2 of 3)
June 30, 2021

Data Control Codes		Special Revenue Funds			
		266	270	272	276
		ESSER I	Title V, Part B Rural & Low Income School	Medicaid Admin. Claim MAC	Instructional Continuity
Assets					
1110	Cash and cash equivalents	\$ -	\$ -	\$ 54,136	\$ -
1240	Due from other governments	78,470	9,205	-	-
1290	Other receivables	-	-	-	-
1000	Total Assets	<u>\$ 78,470</u>	<u>\$ 9,205</u>	<u>\$ 54,136</u>	<u>\$ -</u>
Liabilities					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2120	Short-term debt payable - current	-	-	-	-
2150	Payroll deductions payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	78,470	9,205	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	<u>78,470</u>	<u>9,205</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted:					
3450	Federal/state fund grant restrictions	-	-	54,136	-
3490	Other restrictions of fund balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>54,136</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 78,470</u>	<u>\$ 9,205</u>	<u>\$ 54,136</u>	<u>\$ -</u>

Special Revenue Funds

281	289	386	397	410	429
ESSER II	Miscellaneous Federal Grants	Regional Day School for the Deaf	Advanced Placement Incentives	State Textbook	Miscellaneous State Special Revenue Program
\$ -	\$ 13,698	\$ 8,226	\$ 151	\$ 122,271	\$ 229,044
164,101	5,065	-	-	-	-
-	-	-	-	-	-
<u>\$ 164,101</u>	<u>\$ 18,763</u>	<u>\$ 8,226</u>	<u>\$ 151</u>	<u>\$ 122,271</u>	<u>\$ 229,044</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	22	-	-	28
-	-	797	-	-	1,092
-	-	6,554	-	-	9,049
164,101	16,858	853	-	-	159
-	-	-	-	106,695	-
<u>164,101</u>	<u>16,858</u>	<u>8,226</u>	<u>-</u>	<u>106,695</u>	<u>10,328</u>
-	1,905	-	151	15,576	218,716
-	-	-	-	-	-
<u>-</u>	<u>1,905</u>	<u>-</u>	<u>151</u>	<u>15,576</u>	<u>218,716</u>
<u>\$ 164,101</u>	<u>\$ 18,763</u>	<u>\$ 8,226</u>	<u>\$ 151</u>	<u>\$ 122,271</u>	<u>\$ 229,044</u>

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 3 of 3)
June 30, 2021

Data Control Codes		Special Revenue Funds			Total Nonmajor Governmental Funds
		461 Campus Activity	482 Loss Prevention Grant	487 Healthy Futures of Texas	
<u>Assets</u>					
1110	Cash and cash equivalents	\$ 142,109	\$ 1,000	\$ 8,575	\$ 1,823,307
1240	Due from other governments	-	-	-	2,241,492
1290	Other receivables	-	-	2,803	2,803
1000	Total Assets	<u>\$ 142,109</u>	<u>\$ 1,000</u>	<u>\$ 11,378</u>	<u>\$ 4,067,602</u>
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 109,898
2120	Short-term debt payable - current	-	-	-	10,863
2150	Payroll deductions payable	-	-	-	282,903
2160	Accrued wages payable	-	-	-	967,233
2170	Due to other funds	-	-	-	1,741,163
2300	Unearned revenue	-	-	-	106,695
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,218,755</u>
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state fund grant restrictions	-	1,000	11,378	706,738
3490	Other restrictions of fund balance	142,109	-	-	142,109
3000	Total Fund Balances	<u>142,109</u>	<u>1,000</u>	<u>11,378</u>	<u>848,847</u>
4000	Total Liabilities and Fund Balances	<u>\$ 142,109</u>	<u>\$ 1,000</u>	<u>\$ 11,378</u>	<u>\$ 4,067,602</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES*
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 1 of 3)
For the Ten Months Ended June 30, 2021

Data Control Codes		Special Revenue Funds			
		205	211	212	224
		Head Start	Part A Improving Basic Prog	ESEA Title I, Pt. C Migrant	IDEA-B Formula
<u>Revenues</u>					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	2,110,623	2,664,076	167,977	1,650,905
5020	Total Revenues	<u>2,110,623</u>	<u>2,664,076</u>	<u>167,977</u>	<u>1,650,905</u>
<u>Expenditures</u>					
Current:					
0011	Instruction	1,433,685	2,025,685	5,833	1,173,167
0012	Instructional resources and media services	50,387	-	-	-
0013	Curriculum/instructional staff development	15,329	30,000	-	-
0021	Instructional leadership	79,657	93,647	74,605	104,714
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	68,384	10,089	-	373,024
0033	Health services	74,180	576	330	-
0034	Student transportation	103,890	-	-	-
0035	Food service	8,171	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	138,824	5,332	4,582	-
0052	Security and monitoring services	-	425	-	-
0053	Data processing services	-	-	-	-
0061	Community services	138,116	498,322	82,627	-
6030	Total Expenditures	<u>2,110,623</u>	<u>2,664,076</u>	<u>167,977</u>	<u>1,650,905</u>
<u>Other Financing Sources (Uses)</u>					
7915	Transfers in	-	-	-	-
1200	Net Change in Fund Balances	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds

225	240	242	244	255	263
IDEA-B Preschool	National School Breakfast and Lunch Program	Summer Feeding Program	Career and Technical Basic	ESEA Title II Part A Training	Title III Part A ELA
\$ -	\$ 31,511	\$ 341	\$ -	\$ -	\$ -
-	42,400	1,076	-	-	-
55,161	4,541,177	338,120	138,866	400,733	131,430
<u>55,161</u>	<u>4,615,088</u>	<u>339,537</u>	<u>138,866</u>	<u>400,733</u>	<u>131,430</u>
55,161	-	-	63,365	-	-
-	-	-	-	-	-
-	-	-	-	396,404	129,987
-	-	-	-	4,329	1,443
-	-	-	-	-	-
-	-	-	75,501	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4,766,994	133,489	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>55,161</u>	<u>4,766,994</u>	<u>133,489</u>	<u>138,866</u>	<u>400,733</u>	<u>131,430</u>
-	20,991	-	-	-	-
-	(130,915)	206,048	-	-	-
-	130,915	197,828	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES*
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 2 of 3)
For the Ten Months Ended June 30, 2021

Data Control Codes		Special Revenue Funds			
		266	270	272	276
		ESSER I	Title V, Part B Rural & Low Income School	Medicaid Admin. Claim MAC	Instructional Continuity
Revenues					
5700	Local, intermediate, and out-of-state	\$	\$	\$ -	\$ -
5800	State program revenues			-	-
5900	Federal program revenues	80,599	157,273	27,159	40,088
5020	Total Revenues	<u>80,599</u>	<u>157,273</u>	<u>27,159</u>	<u>40,088</u>
Expenditures					
Current:					
0011	Instruction	79,828	39,325	-	40,088
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum/instructional staff development	-	117,948	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-
0033	Health services	771	-	4,727	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
6030	Total Expenditures	<u>80,599</u>	<u>157,273</u>	<u>4,727</u>	<u>40,088</u>
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
1200	Net Change in Fund Balances	-	-	22,432	-
0100	Beginning fund balances	-	-	31,704	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,136</u>	<u>\$ -</u>

Special Revenue Funds

281	289	386	397	410	429
ESSER II	Miscellaneous Federal Grants	Regional Day School for the Deaf	Advanced Placement Incentives	State Textbook	Miscellaneous State Special Revenue Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	47,116	-	766,844	214,427
164,101	162,543	-	-	-	-
<u>164,101</u>	<u>162,543</u>	<u>47,116</u>	<u>-</u>	<u>766,844</u>	<u>214,427</u>
164,101	146,007	47,116	-	766,844	165,767
-	539	-	-	-	-
-	-	-	-	-	22,536
-	1,442	-	-	-	-
-	-	-	-	-	-
-	2,000	-	-	-	65,805
-	6,570	-	-	-	-
-	2,787	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	470	-	-	-	-
-	728	-	-	-	39,527
-	2,000	-	-	-	-
-	-	-	-	-	-
<u>164,101</u>	<u>162,543</u>	<u>47,116</u>	<u>-</u>	<u>766,844</u>	<u>293,635</u>
-	-	-	-	-	-
-	-	-	-	-	(79,208)
-	1,905	-	151	15,576	297,924
<u>\$ -</u>	<u>\$ 1,905</u>	<u>\$ -</u>	<u>\$ 151</u>	<u>\$ 15,576</u>	<u>\$ 218,716</u>

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES*
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 3 of 3)
For the Ten Months Ended June 30, 2021

Data Control Codes		Special Revenue Funds			Total Nonmajor Governmental Funds
		461 Campus Activity	482 Loss Prevention Grant	487 Healthy Futures of Texas	
<u>Revenues</u>					
5700	Local, intermediate, and out-of-state	\$ 84,924	\$ -	\$ 2,500	\$ 119,276
5800	State program revenues	-	-	-	1,071,863
5900	Federal program revenues	-	-	-	12,830,831
5020	Total Revenues	<u>84,924</u>	<u>-</u>	<u>2,500</u>	<u>14,021,970</u>
<u>Expenditures</u>					
Current:					
0011	Instruction	3,039	-	-	6,209,011
0012	Instructional resources and media services	1,188	-	-	52,114
0013	Curriculum/instructional staff development	-	-	-	712,204
0021	Instructional leadership	157	-	-	359,994
0023	School leadership	695	-	-	695
0031	Guidance, counseling, and evaluation services	-	-	-	594,803
0033	Health services	-	-	-	87,154
0034	Student transportation	535	-	-	107,212
0035	Food service	-	-	3,816	4,912,470
0036	Extracurricular activities	70,613	-	-	70,613
0041	General administration	1,184	-	-	1,184
0051	Plant maintenance and operations	-	-	-	149,208
0052	Security and monitoring services	-	-	-	40,680
0053	Data processing services	-	-	-	2,000
0061	Community services	-	-	-	719,065
6030	Total Expenditures	<u>77,411</u>	<u>-</u>	<u>3,816</u>	<u>14,018,407</u>
<u>Other Financing Sources</u>					
7915	Transfers in	-	-	-	20,991
1200	Net Change in Fund Balances	7,513	-	(1,316)	24,554
0100	Beginning fund balances	<u>134,596</u>	<u>1,000</u>	<u>12,694</u>	<u>824,293</u>
3000	Ending Fund Balances	<u>\$ 142,109</u>	<u>\$ 1,000</u>	<u>\$ 11,378</u>	<u>\$ 848,847</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Ten Months Ended June 30, 2021

Last Ten Fiscal Years	Tax Rates		3 Net Assessed/ Appraised Value For School Tax Purposes
	1	2	
	Maintenance	Debt Service	
2012 and prior	Various	Various	Various
2013	\$ 1.0400	\$ 0.1395	\$ 1,392,619,198
2014	\$ 1.0400	\$ 0.1324	\$ 1,495,975,941
2015	\$ 1.0400	\$ 0.1279	\$ 1,537,636,267
2016	\$ 1.0400	\$ 0.1203	\$ 1,562,522,724
2017	\$ 1.0400	\$ 0.1198	\$ 1,657,294,791
2018	\$ 1.0400	\$ 0.1198	\$ 1,673,625,065
2019	\$ 1.1598	\$ -	\$ 1,818,164,684
2020	\$ 1.0617	\$ -	\$ 2,000,294,331
2021	\$ 0.9927	\$ 0.0570	\$ 2,402,639,166
1000 Totals			

10	20	31	32	40	50
Beginning Balance 9/1/20	Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 6/30/21
\$ 669,044	\$ -	\$ 19,889	\$ 12,281	\$ (1,904)	\$ 634,970
123,092	-	6,340	850	(361)	115,541
143,170	-	10,802	1,375	(359)	130,634
160,766	-	16,850	2,072	(341)	141,503
201,829	-	25,604	2,962	1,010	174,273
261,106	-	35,160	4,050	40	221,936
385,180	-	71,016	8,180	3,723	309,707
620,131	-	139,867	-	(6,211)	474,053
1,548,157	-	256,224	-	(29,424)	1,262,509
-	23,850,999	20,859,152	1,197,714	-	1,794,133
<u>\$ 4,112,475</u>	<u>\$ 23,850,999</u>	<u>\$ 21,440,904</u>	<u>\$ 1,229,484</u>	<u>\$ (33,827)</u>	<u>\$ 5,259,259</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Twelve Months Ended August 31, 2021

<u>Last Ten Fiscal Years</u>	<u>Tax Rates</u>		<u>3 Net Assessed/ Appraised Value For School Tax Purposes</u>
	1	2	
	<u>Maintenance</u>	<u>Debt Service</u>	
2012 and prior	Various	Various	Various
2013	\$ 1.0400	\$ 0.1395	\$ 1,392,619,198
2014	\$ 1.0400	\$ 0.1324	\$ 1,495,975,941
2015	\$ 1.0400	\$ 0.1279	\$ 1,537,636,267
2016	\$ 1.0400	\$ 0.1203	\$ 1,562,522,724
2017	\$ 1.0400	\$ 0.1198	\$ 1,657,294,791
2018	\$ 1.0400	\$ 0.1198	\$ 1,673,625,065
2019	\$ 1.1598	\$ -	\$ 1,818,164,684
2020	\$ 1.0617	\$ -	\$ 2,000,294,331
2021	\$ 0.9927	\$ 0.0570	\$ 2,402,639,166
1000 Totals			

10	20	31	32	40	50
Beginning Balance 9/1/20	Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 8/31/21
\$ 669,044	\$ -	\$ 34,650	\$ 4,868	\$ (1,925)	\$ 627,601
123,092	-	11,837	1,588	(361)	109,306
143,170	-	18,297	2,329	(358)	122,186
160,766	-	25,090	3,086	(340)	132,250
201,829	-	30,718	3,553	1,010	168,568
261,106	-	40,960	4,718	40	215,468
385,180	-	80,133	9,231	3,723	299,539
620,131	-	158,852	-	(6,210)	455,069
1,548,157	-	350,341	-	(19,320)	1,178,496
-	23,850,999	21,109,919	1,212,029	-	1,529,051
<u>\$ 4,112,475</u>	<u>\$ 23,850,999</u>	<u>\$ 21,860,797</u>	<u>\$ 1,241,402</u>	<u>\$ (23,741)</u>	<u>\$ 4,837,534</u>

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2
For the Ten Months Ended June 30, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ 593,085	\$ 593,456	\$ 31,511	\$ (561,945)
5800	State program revenues	32,152	44,424	42,400	(2,024)
5900	Federal program revenues	5,750,357	6,312,857	4,541,177	(1,771,680)
5020	Total Revenues	<u>6,375,594</u>	<u>6,950,737</u>	<u>4,615,088</u>	<u>(2,335,649)</u>
Expenditures					
Current:					
0035	Food services	5,853,384	5,866,027	4,766,994	1,099,033
0051	Plant maintenance and operations	5	5	-	5
6030	Total Expenditures	<u>5,853,389</u>	<u>5,866,032</u>	<u>4,766,994</u>	<u>1,099,038</u>
1100	Excess (Deficiency) of Revenues				
1100	Over (Under) Expenditures	<u>522,205</u>	<u>1,084,705</u>	<u>(151,906)</u>	<u>(1,236,611)</u>
Other Financing Sources (Uses)					
7915	Transfers in	-	-	20,991	20,991
7080	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>20,991</u>	<u>20,991</u>
1200	Net Change in Fund Balance	522,205	1,084,705	(130,915)	(1,215,620)
0100	Beginning fund balance	130,915	130,915	130,915	-
3000	Ending Fund Balance	<u>\$ 653,120</u>	<u>\$ 1,215,620</u>	<u>\$ -</u>	<u>\$ (1,215,620)</u>

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND - EXHIBIT J-3

For the Ten Months Ended June 30, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ 1,269,417	\$ 1,269,627	\$ 1,255,888	\$ (13,739)
5800	State program revenues	723,766	723,766	427,273	(296,493)
5020	Total Revenues	<u>1,993,183</u>	<u>1,993,393</u>	<u>1,683,161</u>	<u>(310,232)</u>
Expenditures					
Debt service:					
0071	Principal	805,000	805,000	-	805,000
0072	Interest	1,187,100	1,175,706	593,550	582,156
0073	Bond issuance costs and fees	1,083	12,477	12,477	-
6030	Total Expenditures	<u>1,993,183</u>	<u>1,993,183</u>	<u>606,027</u>	<u>1,387,156</u>
1100	Excess of Revenues				
1100	Over Expenditures	<u>-</u>	<u>210</u>	<u>1,077,134</u>	<u>1,076,924</u>
Other Financing Sources (Uses):					
8911	Transfers (out)	-	-	(374,899)	(374,899) *
7080	Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(374,899)</u>	<u>(374,899)</u>
1200	Net Change in Fund Balance	<u>-</u>	<u>210</u>	<u>702,235</u>	<u>702,025</u>
0100	Beginning fund balance	-	-	-	-
3000	Ending Fund Balance	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ 702,235</u>	<u>\$ 702,025</u>

Notes for Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT

SELECT STATE ALLOTMENT PROGRAM

For the Ten Months Ended June 30, 2021

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your 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.	\$ 11,546,784
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)	\$ 6,047,086
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your 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.	\$ 961,035
AP8	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 846,396

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FEDERAL AWARDS AND COMPLIANCE SECTION

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

To the Board of Trustees of
San Felipe Del Rio Consolidated Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Felipe Del Rio Consolidated Independent School District (the "District"), as of and for ten months ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 19, 2021.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
November 19, 2021



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

To the Board of Trustees of
San Felipe Del Rio Consolidated Independent School District:

Report on Compliance for Each Major Federal Program

We have audited San Felipe Del Rio Consolidated Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the ten months ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
November 19, 2021

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Ten Months Ended June 30, 2021

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Ten Months Ended June 30, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the District.
2. Significant deficiencies in internal control were not disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. Significant deficiencies in internal control over major federal award programs were not disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the District are reported in Part C of this schedule.
7. The programs included as major programs are:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, & 10.559	Child Nutrition Cluster
10.565	Food Distribution Cluster

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District did qualify as a low-risk auditee.

B. FINDINGS – BASIC FINANCIAL STATEMENTS AUDIT

None Noted

C. FINDINGS – FEDERAL AWARDS

None Noted

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (Page 1 of 2) - EXHIBIT K-1
For the Ten Months Ended June 30, 2021

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program</i>			
Impact Aid - P.L. 81.874	84.041	233-901	\$ 249,027
<i>Passed Through State Department of Education</i>			
ESEA Title I, Part A	84.010A	20610101233901	88,533
ESEA Title I, Part A	84.010A	21610101233901	2,688,020
ESEA Title I, Part C	84.011A	20615001233901	58,731
ESEA Title I, Part C	84.011A	21615001233901	116,338
Title III, Part A	84.365A	21671001233901	134,059
Career and Technical, Basic Grant	84.048A	21420006233901	144,729
Title II, Part A, Teacher and Principal	84.367A	20694501233901	57,674
Title II, Part A, Teacher and Principal	84.367A	21694501233901	359,978
COVID-19, Elementary and Secondary School Emergency Relief	84.425D	20521001233901	80,599
Prior Purchase Reimbursement Program	84.425D	52102135	164,101
Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	20696001233901	38,539
Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	21696001233901	125,374
Instructional Continuity	84.377A	17610740233901	41,780
Title IV, Part A, Subpart 1	84.424A	20680101233901	113,167
Title IV, Part A, Subpart 1	84.424A	21680101233901	38,205
Special Education Cluster:			
IDEA B, Formula Grant*	84.027A	216600012339016000	1,720,606
IDEA B, Preschool*	84.173A	206610012339016000	7,402
IDEA B, Preschool*	84.173A	216610012339016000	50,088
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>6,276,950</u>

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (Page 2 of 2) - EXHIBIT K-1 For the Ten Months Ended June 30, 2021

(1)	(2)	(2A)	(3)
<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Program</i>			
COVID-19 CARES Act Provider Relief Fund	93.498	CR-78491315649	\$ 14,085
<i>Passed Through Texas Health and Human Services Commission</i>			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00189	27,159
<i>Passed Through State Department of Education</i>			
Head Start	93.600	06CH011187-02-01	2,070,480
Head Start - Summer School	93.600	06HE000745-01-00	10,746
COVID-19 Head Start	93.600	06CH011187-02-02	29,397
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,151,867</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through State Department of Agriculture</i>			
Child Nutrition Cluster:			
School Breakfast Program*	10.553	806780706	1,478,279
National School Lunch Program - Cash Assistance*	10.555	806780706	2,626,185
Summer Feeding Program*	10.559	806780706	338,120
Food Distribution Cluster:			
National School Lunch Program - Non-Cash Assistance	10.565	806780706	436,712
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>4,879,296</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Texas Division of Emergency Management</i>			
COVID-19 Coronavirus Relief Fund	21.019	505	233,429
TOTAL U.S. DEPARTMENT OF TREASURY			<u>233,429</u>
U.S. DEPARTMENT OF DEFENSE			
<i>Direct Program</i>			
ROTC	12.000	233-901	106,957
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>106,957</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 13,648,499</u>

* Indicates clustered program under OMB Uniform Guidance (2.CFR.200)

The accompanying notes are an integral part of this schedule.

Federal revenue per SEFA	\$ 13,648,499
SHARS	202,076
C-2 Federal revenue	<u>\$ 13,850,575</u>

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Ten Months Ended June 30, 2021

NOTE 1: BASIS OF PRESENTATION

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

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

NOTE 4: PRIOR YEAR EXPENDITURES

Expenditures in the amount of \$233,429 related to the federal grant program, Coronavirus Relief Fund, Assistance Listing number 21.019, were incurred in the prior year, however, approval was not provided by the granting agency until fiscal year 2021. Accordingly, these expenditures have been listed on the fiscal year 2021 SEFA.

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*SCHEDULE OF REQUIRED RESPONSES TO
SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1*
For the Ten Months Ended June 30, 2021

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the annual financial report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the annual financial report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the District make timely payments to the Teacher Retirement System, Texas Workforce Commission, Internal Revenue, and other governmental agencies?	Yes
SF4	Was the District issued a warrant hold?	No
SF5	Did the annual financial report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the annual financial report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the District post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws, and rules that were in effect at the District's fiscal year end?	Yes
SF8	Did the Board members discuss the District's property values at a board meeting within 120 days before the District adopted its budget?	Yes
SF9	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	<u>\$ 1,541,330</u>

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