

ANNUAL FINANCIAL REPORT

of

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

For the Year Ended
June 30, 2022

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

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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 year ended June 30, 2022, at a meeting of the Board of Trustees of such school district on the 16 day of November, 2022


Signature of Board Secretary


Signature of Board President

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

(attach list as necessary)

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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 year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note I.F.18 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*, in fiscal year 2022. Our opinion is not modified with respect to this matter.

Responsibility of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information noted in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information noted in the table of contents and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the schedule of required responses to selected school first indicators but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
November 14, 2022

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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 Year Ended June 30, 2022

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 year ending June 30, 2022. 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. In the prior period, the District elected to change to a June 30 year end to better align the District's operating year with its academic school year. Also, districts with a June 30 year end are often viewed more favorably from a financial health standpoint as their fund balance is larger than if they had an August 31 year end 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 30 year ends. As such, the prior years' 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, 2022 was \$34,371,708.
- For the year ended June 30, 2022, the District's general fund reported a total fund balance of \$45,372,567, of which \$754,260 is nonspendable, \$13,487,336 is committed for construction-related purposes, and \$31,130,971 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 \$59,152,064.

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 Year Ended June 30, 2022

- *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 operations 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 Year Ended June 30, 2022

- 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 Districts 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 health insurance activity. 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 \$34,371,708 at June 30, 2022. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the year ended June 30, 2022. *Table 1* indicates the District’s net position increased \$17,425,448 in total from the prior year. The details of this increase can be seen in *Table 2*. Current assets increased compared to the prior year due to an increase in accounts receivable for property tax and grant revenues. Capital assets increased due to an increase in construction in progress. Long-term liabilities decreased significantly compared to the prior year primarily due to a large decrease in pension liability. Deferred outflows of resources decreased while deferred inflows of resources increased related to the pension plan compared to the prior year due to changes in actuarially determined amounts that are deferred.

The District experienced an increase in total revenue of \$24,539,541 or roughly 21 percent compared to the prior year. This increase was largely due to an increase in operating grants and contributions and other revenue. Operating grants and contributions largely increased compared to the prior year due to an increase in funding received through the Elementary and Secondary School Emergency Relief (ESSER) II and III grants. Other revenue increased mainly due to positive operating result from the internal service fund in the current year. Additionally, property taxes decreased due to a decrease in the property tax rate. The revenue received for special items in the prior and current period are for funds recovered from a fraudulent debt service payment cyber scam

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2022

that occurred in fiscal year 2020. More details about the fraudulent payment can be found in Note IV.H to the financial statements.

Expenses increased by \$18,468,291, or 17 percent, across most functions compared to the prior year largely due to the change in fiscal year end in the prior year.

Table 1
Net Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Total Change</u>
	<u>2022</u>	<u>2021</u>	<u>2022-2021</u>
Current assets	\$ 86,027,585	\$ 81,946,982	\$ 4,080,603
Capital assets	100,099,836	96,723,602	3,376,234
Total Assets	<u>186,127,421</u>	<u>178,670,584</u>	<u>7,456,837</u>
Deferred charge on refunding	818,424	979,489	(161,065)
Deferred outflows - pensions	7,618,185	10,441,965	(2,823,780)
Deferred outflows - OPEB	5,371,901	4,146,976	1,224,925
Total Deferred Outflows of Resources	<u>13,808,510</u>	<u>15,568,430</u>	<u>(1,759,920)</u>
Current liabilities	13,993,637	13,859,372	134,265
Long-term liabilities	106,408,928	129,290,238	(22,881,310)
Total Liabilities	<u>120,402,565</u>	<u>143,149,610</u>	<u>(22,747,045)</u>
Deferred inflows - pensions	16,761,194	5,348,526	11,412,668
Deferred inflows - OPEB	28,400,464	28,794,618	(394,154)
Total Deferred Inflows of Resources	<u>45,161,658</u>	<u>34,143,144</u>	<u>11,018,514</u>
Net Position:			
Net investment			
in capital assets	49,899,589	47,919,502	1,980,087
Restricted	3,357,298	1,551,082	1,806,216
Unrestricted	(18,885,179)	(32,524,324)	13,639,145
Total Net Position	<u>\$ 34,371,708</u>	<u>\$ 16,946,260</u>	<u>\$ 17,425,448</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2022

Table 2
Changes in Net Position

	Governmental Activities		Total Change
	2022	2021	2022-2021
Revenues			
Program revenues:			
Charges for services	\$ 1,289,342	\$ 315,173	\$ 974,169
Operating grants and contributions	45,441,599	21,593,872	23,847,727
General revenues:			
Property taxes	23,130,613	24,713,070	(1,582,457)
Grants and contributions not restricted for specific programs	67,366,021	67,681,460	(315,439)
Investment earnings	164,483	70,200	94,283
Other revenue	5,992,534	3,234,676	2,757,858
Special items	297,248	1,533,848	(1,236,600)
Total Revenue	143,681,840	119,142,299	24,539,541
Expenses			
Instruction	62,713,362	58,555,833	4,157,529
Instructional resources and media services	1,407,123	1,206,222	200,901
Curriculum/instructional staff development	2,342,722	2,054,697	288,025
Instructional leadership	2,031,382	1,767,990	263,392
School leadership	5,092,892	4,631,350	461,542
Guidance, counseling, and evaluation services	4,478,196	4,073,110	405,086
Social work services	282,942	213,889	69,053
Health services	1,482,347	1,230,674	251,673
Student (pupil) transportation	3,270,910	2,931,286	339,624
Food services	7,052,018	5,410,334	1,641,684
Extracurricular activities	3,860,214	2,493,353	1,366,861
General administration	5,471,930	4,786,002	685,928
Plant maintenance and operations	16,569,222	11,093,350	5,475,872
Security and monitoring services	1,885,473	1,554,700	330,773
Data processing services	4,592,755	2,377,479	2,215,276
Community services	919,519	958,091	(38,572)
Debt service - interest	2,085,485	1,747,776	337,709
Debt service - issuance costs and fees	-	13,477	(13,477)
Facilities acquisition and construction	150,419	150,419	-
Other intergovernmental charges	567,481	538,069	29,412
Total Expenses	126,256,392	107,788,101	18,468,291
Change in Net Position	17,425,448	11,354,198	6,071,250
Beginning net position	16,946,260	5,592,062	11,354,198
Ending Net Position	\$ 34,371,708	\$ 16,946,260	\$ 17,425,448

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the year ending June 30, 2022, the District's governmental funds reported a combined fund balance of \$59,152,064. This compares to a combined fund balance of \$61,389,729 at June 30, 2021. The fund balance in the general fund increased by \$2,049,391. Compared to the prior year, revenues decreased by \$623,379 primarily due to a decrease in local revenue due to a decrease in insurance recovery. Compared to the prior year, expenditures increased by \$9,772,606 across most functions largely due to the change in fiscal year end in the prior year. There was also a large increase in capital outlay due to an increase in capital projects and purchases during the current period. Additionally, there was a decrease in instruction expenditures due to expenditures reclassified and reimbursed under the ESSER II and III grants.

The debt service fund had an increase in fund balance of \$35,160 due to an increase in property tax revenue as a result of an increase in property valuations.

The capital projects fund had a decrease in fund balance of \$6,093,272 due to current period capital expenditures.

The ESSER III fund is a new fund in the current year for a federal grant received through the American Rescue Plan Act. The District received \$15,135,119 in federal funds for reimbursable expenditures during the current year.

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, 2022, 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 less than actual revenues by \$368,155 as a result of more federal funding than anticipated. Total general fund budgeted expenditures exceeded actual expenditures by \$15,176,713 with the largest positive variances in instruction, plant maintenance and operations, data processing services, student (pupil) transportation, and facilities acquisition and construction.

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 year ended June 30, 2022, 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, 2022, the District had a total of \$190,411,512 invested in capital assets such as land, buildings, and District equipment. This total includes \$8,216,043 invested during the year ended June 30, 2022.

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 Year Ended June 30, 2022

LONG-TERM DEBT

At year end, the District had \$53,797,112 in general obligation bonds and a maintenance tax note outstanding versus \$58,211,559 last year. The District paid \$4,414,447 in principal payments during the current period. At year end, the District had \$44,702 in note payable and \$437,417 in lease payable 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 2022-2023 school year total \$101,801,579 and the District's Board adopted a Maintenance and Operations tax rate of \$0.9752 and an Interest and Sinking rate of \$0.1877 for a combined rate of \$1.1629 per \$100 of valuation, which is an increase of \$0.1307 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, 2022

<u>Data Control Codes</u>		<u>1 Governmental Activities</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 13,400,130
1120	Current investments	50,330,657
1220	Property taxes receivables	6,027,281
1230	Allowance for uncollectible taxes	(303,775)
1240	Due from other governments	12,683,865
1290	Other receivables (net)	3,135,167
1300	Inventories	735,746
1410	Prepaid items	18,514
		<u>86,027,585</u>
	Capital assets:	
1510	Land	4,859,983
1520	Buildings and improvements, net	83,318,986
1530	Vehicles, furniture and equipment, net	2,964,054
1550	Right-to-use leased equipment, net	435,608
1580	Construction in progress	8,521,205
		<u>100,099,836</u>
1000	Total Assets	<u>186,127,421</u>
	<u>Deferred Outflows of Resources</u>	
1700	Deferred charge on refunding	818,424
1705	Deferred outflows - pensions	7,618,185
1710	Deferred outflows - OPEB	5,371,901
1700	Total Deferred Outflows of Resources	<u>13,808,510</u>
	<u>Liabilities</u>	
2110	Accounts payable	1,135,605
2120	Other liabilities	1,111,790
2140	Accrued interest payable	832,758
2150	Payroll deductions payable	2,106,232
2160	Accrued wages payable	8,713,074
2300	Unearned revenue	94,178
		<u>13,993,637</u>
	Noncurrent liabilities:	
2501	Long-term liabilities due within one year	5,047,764
2502	Long-term liabilities due in more than one year	57,032,311
2540	Net pension liability	13,852,673
2545	Net OPEB liability	30,476,180
		<u>106,408,928</u>
2000	Total Liabilities	<u>120,402,565</u>
	<u>Deferred Inflows of Resources</u>	
2605	Deferred inflows - pensions	16,761,194
2610	Deferred inflows - OPEB	28,400,464
2600	Total Deferred Inflows of Resources	<u>45,161,658</u>
	<u>Net Position</u>	
3200	Net investment in capital assets	49,899,589
	Restricted for:	
3820	Federal and state programs	2,496,530
3850	Debt service	737,395
3870	Campus activities	123,373
3900	Unrestricted	(18,885,179)
3000	Total Net Position	<u>\$ 34,371,708</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 Year Ended June 30, 2022

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			3 Charges for Services	4 Operating Grants and Contributions	6 Primary Gov. Governmental Activities
	Primary Government				
	Governmental Activities				
11	Instruction	\$ 62,713,362	\$ 220,438	\$ 23,006,148	\$ (39,486,776)
12	Instructional resources				
12	and media services	1,407,123	18,369	218,807	(1,169,947)
13	Curriculum/instructional				
13	staff development	2,342,722	5,966	1,390,878	(945,878)
21	Instructional leadership	2,031,382	7,825	719,808	(1,303,749)
23	School leadership	5,092,892	33,504	426,714	(4,632,674)
31	Guidance, counseling, and				
31	evaluation services	4,478,196	19,102	977,008	(3,482,086)
32	Social work services	282,942	1,473	15,249	(266,220)
33	Health services	1,482,347	6,845	294,090	(1,181,412)
34	Student (pupil) transportation	3,270,910	15,042	367,598	(2,888,270)
35	Food services	7,052,018	807,507	8,383,335	2,138,824
36	Extracurricular activities	3,860,214	43,373	171,402	(3,645,439)
41	General administration	5,471,930	21,513	3,335,979	(2,114,438)
51	Plant maintenance and operations	16,569,222	63,533	3,087,040	(13,418,649)
52	Security and monitoring services	1,885,473	9,490	107,177	(1,768,806)
53	Data processing services	4,592,755	14,802	1,627,004	(2,950,949)
61	Community services	919,519	560	905,383	(13,576)
72	Debt service - interest	2,085,485	-	407,979	(1,677,506)
81	Facilities acquisition and construction	150,419	-	-	(150,419)
99	Other intergovernmental charges	567,481	-	-	(567,481)
TG	Total Governmental Activities	<u>\$ 126,256,392</u>	<u>\$ 1,289,342</u>	<u>\$ 45,441,599</u>	<u>(79,525,451)</u>
TP	Total Primary Government	<u>\$ 126,256,392</u>	<u>\$ 1,289,342</u>	<u>\$ 45,441,599</u>	<u>(79,525,451)</u>
	General Revenues				
MT	Property taxes, levied for general purposes				21,790,633
DT	Property taxes, levied for debt service				1,339,980
GC	Grants and contributions not restricted				
GC	for specific programs				67,366,021
IE	Investment earnings				164,483
MI	Miscellaneous local and intermediate revenue				5,992,534
	Special Items:				
SI	Special items inflow				297,248
TR	Total General Revenues and Special Items				<u>96,950,899</u>
CN	Change in Net Position				17,425,448
NB	Beginning net position				16,946,260
NE	Ending Net Position				<u>\$ 34,371,708</u>

See Notes to Financial Statements.

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

GOVERNMENTAL FUNDS - EXHIBIT C-1

June 30, 2022

Data Control Codes	10	50	60		
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>ESSER III</u>	
<u>Assets</u>					
1110	Cash and cash equivalents	\$ 2,444,190	\$ 737,395	\$ 346,901	\$ -
1120	Investments - current	39,530,950	-	10,799,707	-
1220	Taxes receivables	5,687,935	339,346	-	-
1230	Allowance for uncollectible taxes	(286,672)	(17,103)	-	-
1240	Due from other governments	7,760,267	-	-	2,307,749
1260	Due from other funds	3,348,698	-	-	-
1290	Other receivables	2,947,919	175,662	-	-
1300	Inventories	735,746	-	-	-
1410	Prepaid items	18,514	-	-	-
1000	Total Assets	<u>\$ 62,187,547</u>	<u>\$ 1,235,300</u>	<u>\$ 11,146,608</u>	<u>\$ 2,307,749</u>
<u>Liabilities</u>					
2110	Accounts payable	\$ 207,983	\$ -	\$ 724,409	\$ 576
2120	Short-term debt payable - current	159,071	-	-	3,677
2150	Payroll deductions payable	1,533,981	-	-	198,779
2160	Accrued wages payable	6,561,434	-	-	1,103,190
2170	Due to other funds	6,841	-	-	1,001,527
2200	Accrued expenditures	54	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	<u>8,469,364</u>	<u>-</u>	<u>724,409</u>	<u>2,307,749</u>
<u>Deferred Inflows of Resources</u>					
2600	Unavailable revenue - property taxes	<u>8,345,616</u>	<u>497,905</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>					
Nonspendable:					
3410	Inventories	735,746	-	-	-
3430	Prepaid items	18,514	-	-	-
Restricted:					
3450	Federal or state funds grant restrictions	-	-	-	-
3470	Capital acquisitions	-	-	10,422,199	-
3480	Retirement of long-term debt	-	737,395	-	-
3490	Other restricted fund balance	-	-	-	-
Committed:					
3510	Construction	7,807,507	-	-	-
3530	Capital expenditures for equipment	3,428,526	-	-	-
3545	Other committed fund balance	2,251,303	-	-	-
3600	Unassigned	31,130,971	-	-	-
3000	Total Fund Balances	<u>45,372,567</u>	<u>737,395</u>	<u>10,422,199</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 62,187,547</u>	<u>\$ 1,235,300</u>	<u>\$ 11,146,608</u>	<u>\$ 2,307,749</u>

See Notes to Financial Statements.

Nonmajor Governmental Funds	98 Total Governmental Funds
\$ 4,063,463	\$ 7,591,949
-	50,330,657
-	6,027,281
-	(303,775)
2,615,849	12,683,865
6,841	3,355,539
11,586	3,135,167
-	735,746
-	18,514
<u>\$ 6,697,739</u>	<u>\$ 83,574,943</u>
\$ 202,637	\$ 1,135,605
11,928	174,676
373,472	2,106,232
1,048,450	8,713,074
2,347,171	3,355,539
-	54
94,178	94,178
<u>4,077,836</u>	<u>15,579,358</u>
<u>-</u>	<u>8,843,521</u>
-	735,746
-	18,514
2,496,530	2,496,530
-	10,422,199
-	737,395
123,373	123,373
-	7,807,507
-	3,428,526
-	2,251,303
-	31,130,971
<u>2,619,903</u>	<u>59,152,064</u>
<u>\$ 6,697,739</u>	<u>\$ 83,574,943</u>

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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, 2022

Total fund balances for governmental funds \$ 59,152,064

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	13,381,188	
Capital assets - depreciable	86,283,040	
Capital assets - amortizable	435,608	
	<u>100,099,836</u>	100,099,836

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. 8,843,521

The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position. 4,871,121

Some liabilities, including bonds payable, net pension and net other postemployment benefits (OPEB), are not reported as liabilities in the governmental funds.

Deferred charge on refunding	818,424	
Deferred outflows - pensions	7,618,185	
Deferred outflows - OPEB	5,371,901	
Deferred inflows - pensions	(16,761,194)	
Deferred inflows - OPEB	(28,400,464)	
Net pension liability	(13,852,673)	
Net OPEB liability	(30,476,180)	
Accrued interest payable	(832,758)	
Noncurrent liabilities due in one year	(5,047,764)	
Noncurrent liabilities due in more than one year	(57,032,311)	
	<u>(138,594,834)</u>	(138,594,834)

Net Position of Governmental Activities \$ 34,371,708

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 Year Ended June 30, 2022

Data Control Codes		10	50	60	
		General	Debt Service	Capital Projects	ESSER III
Revenues					
5700	Local, intermediate, and out-of-state	\$ 23,298,572	\$ 1,290,635	\$ 22,710	\$ -
5800	State program revenues	71,604,642	407,979	-	-
5900	Federal program revenues	2,383,345	-	-	15,135,119
5020	Total Revenues	<u>97,286,559</u>	<u>1,698,614</u>	<u>22,710</u>	<u>15,135,119</u>
Expenditures					
0011	Instruction	43,368,628	-	-	11,136,953
0012	Instructional resources and media services	1,288,763	-	-	36,072
0013	Curriculum and instructional staff development	1,219,222	-	-	30,431
0021	Instructional leadership	1,564,222	-	-	2,766
0023	School leadership	5,306,928	-	-	5,296
0031	Guidance, counseling, and evaluation services	3,903,736	-	-	27,569
0032	Social work services	300,934	-	-	-
0033	Health services	1,398,956	-	-	1,955
0034	Student (pupil) transportation	3,074,113	-	-	1,658
0035	Food services	116,549	-	-	-
0036	Extracurricular activities	3,290,251	-	-	138,425
0041	General administration	3,862,702	-	-	-
0051	Plant maintenance and operations	12,983,759	-	73,040	2,289,681
0052	Security and monitoring services	1,939,485	-	-	-
0053	Data processing services	3,024,973	-	-	1,464,313
0061	Community services	114,464	-	-	-
Debt service:					
0071	Principal	3,701,722	712,725	-	-
0072	Interest	1,480,571	950,729	-	-
Capital outlay:					
0081	Facilities acquisition and construction	3,060,465	-	6,042,942	-
Intergovernmental:					
0099	Other governmental charges	567,481	-	-	-
6030	Total Expenditures	<u>95,567,924</u>	<u>1,663,454</u>	<u>6,115,982</u>	<u>15,135,119</u>
1100	Excess (Deficiency) of Revenues				
1100	Over (Under) Expenditures	<u>1,718,635</u>	<u>35,160</u>	<u>(6,093,272)</u>	<u>-</u>
Other Financing Sources (Uses)					
7912	Sale of real and personal property	20,632	-	-	-
8949	Other (uses)	12,876	-	-	-
7080	Total Other Financing Sources	<u>33,508</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Item					
8912	Special item (resources)	297,248	-	-	-
1200	Net Change in Fund Balances	2,049,391	35,160	(6,093,272)	-
0100	Beginning fund balances	43,323,176	702,235	16,515,471	-
3000	Ending Fund Balances	<u>\$ 45,372,567</u>	<u>\$ 737,395</u>	<u>\$ 10,422,199</u>	<u>\$ -</u>

See Notes to Financial Statements.

Nonmajor Governmental Funds	98 Total Governmental Funds
\$ 874,144	\$ 25,486,061
910,312	72,922,933
<u>20,208,944</u>	<u>37,727,408</u>
<u>21,993,400</u>	<u>136,136,402</u>
7,646,852	62,152,433
117,508	1,442,343
1,166,550	2,416,203
531,657	2,098,645
22,334	5,334,558
773,458	4,704,763
-	300,934
161,723	1,562,634
170,651	3,246,422
6,837,272	6,953,821
46,910	3,475,586
1,689,301	5,552,003
209,855	15,556,335
421	1,939,906
-	4,489,286
818,142	932,606
-	4,414,447
-	2,431,300
29,710	9,133,117
-	567,481
<u>20,222,344</u>	<u>138,704,823</u>
<u>1,771,056</u>	<u>(2,568,421)</u>
-	20,632
-	12,876
<u>-</u>	<u>33,508</u>
-	297,248
1,771,056	(2,237,665)
848,847	61,389,729
<u>\$ 2,619,903</u>	<u>\$ 59,152,064</u>

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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 Year Ended June 30, 2022

Net change in fund balances - total governmental funds	\$	(2,237,665)
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		(4,839,809)
Capital outlay, net of disposals		8,216,043
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		1,014,469
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		4,005,000
Principal repayments on notes payable		149,891
Principal repayments on leases		259,556
Loss on refunding		(161,065)
Amortization of premiums, net of additions		529,733
Accreted interest		(85,990)
Accrued interest		63,137
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		224,517
Change in net pension liability		16,475,963
Amortization of deferred outflows - pensions		(2,209,803)
Amortization of deferred inflows - pensions		(12,026,645)
Change in net OPEB liability		1,322,640
Amortization of deferred outflows - OPEB		1,224,925
Amortization of deferred inflows - OPEB		394,154
Net on-behalf contributions adjustment - revenues		4,982,583
Net on-behalf contributions adjustment - expenses		(4,982,583)
Some revenues/expenditures reported in governmental funds are not recognized as revenues/expenses in the Statement of Activities.		
Fund level on-behalf adjustment - revenues		(3,888,767)
Fund level on-behalf adjustment - expenses		3,888,767
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.		
		5,106,397
Change in Net Position of Governmental Activities	\$	<u>17,425,448</u>

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, 2022

Data Control Codes		Internal Service
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 5,808,181
1000		
	Total Assets	5,808,181
	<u>Liabilities</u>	
	Current liabilities:	
2120	Other liabilities	937,060
2000		
	Total Liabilities	937,060
	<u>Net Position</u>	
3900	Unrestricted net position	4,871,121
4000		
	Total Net Position	\$ 4,871,121

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 Year Ended June 30, 2022

<u>Data Control Dates</u>		<u>Internal Service</u>
	<u>Operating Revenues</u>	
5700	Local and intermediate sources	\$ 12,872,083
5020		Total Operating Revenues
		<u>12,872,083</u>
	<u>Nonoperating Revenues</u>	
5900	Federal revenue	1,413,318
5020		Total Nonoperating Revenues
		<u>1,413,318</u>
	<u>Operating Expenses</u>	
6200	Professional and contracted services	789,781
6400	Other operating costs	8,389,223
6030		Total Operating Expenses
		<u>9,179,004</u>
1200		Change in Net Position
		5,106,397
0100	Beginning net position	<u>(235,276)</u>
3000		Ending Net Position
		<u>\$ 4,871,121</u>

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 Year Ended June 30, 2022

	Internal Service
<u>Cash Flows from Operating Activities</u>	
Cash received from user charges	\$ 12,872,083
Cash payments for insurance claims	(9,362,141)
Cash payments for professional and contracted services	(789,781)
Net Cash Provided by Operating Activities	\$ 2,720,161
 <u>Cash Flows from Nonoperating Activities</u>	
Cash payments from federal grants	1,413,318
Net Cash Provided by Non-Operating Activities	\$ 1,413,318
Net Increase in Cash and Cash Equivalents	\$ 4,133,479
Beginning cash and cash equivalents	1,674,702
Ending Cash and Cash Equivalents	\$ 5,808,181
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income	\$ 5,106,397
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (Decrease) in:	
Increase (decrease) in accounts payable	(684,519)
Increase (decrease) in other liabilities	(288,399)
Net Cash Provided by Operating Activities	\$ 4,133,479

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, 2022

<u>Data Control Codes</u>		<u>Custodial</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 45,813
1120	Investment - current	372,933
1000	Total Assets	<u>418,746</u>
	<u>Liabilities</u>	
	Current liabilities:	
2110	Accounts payable	3,941
2000	Total Liabilities	<u>3,941</u>
	<u>Net Position</u>	
3800	Restricted for individuals and organizations	414,805
3000	Total Net Position	<u>\$ 414,805</u>

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 Year Ended June 30, 2022

	Custodial
<u>Additions</u>	
Donations	\$ 18,421
State revenue	55
Fundraising	297,777
Summer sports camp fees	12,427
Education foundation teaching grants	25,384
Total Additions	354,064
 <u>Deductions</u>	
Scholarships	36,185
Summer sports camp	5,402
Extracurricular student activity	292,056
Total Deductions	333,643
Change in Net Position	20,421
Beginning net position	394,384
Ending Net Position	\$ 414,805

See Notes to Financial Statements.

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

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 misleading or incomplete.

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

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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 portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund. The Elementary and Secondary Emergency Relief (ESSER) III special revenue fund is used to account for revenues and expenditures related to the ESSER grant awards. This fund is primarily on a reimbursement basis and has a program year that does not coincide with the District's fiscal year. This special revenue fund is considered a major fund for reporting purposes.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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 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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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 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 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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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.

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

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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. 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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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.

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).

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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 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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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.

18. Leases

The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible, right-to-use lease assets (the “lease asset”) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$15,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

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.

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of June 30, 2022, the District had the following investments:

<u>Investments</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
Commercial paper	\$ 18,861,057	1.43
Municipal bonds	3,369,891	1.30
U.S. agencies	2,000,000	0.96
Investment pools:		
Lone Star	5,585,584	0.05
TexPool	21,038,054	0.07
	<u>\$ 50,854,586</u>	
Portfolio weighted average maturity		3.81

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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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.

As of June 30, 2022, the District had the following fair value measurements:

Description	June 30, 2022	Significant Other Observable Inputs (Level 2) (Level 2)
Investments by Fair Value		
<u>U.S. Government Agency Bonds/Notes</u>		
Federal Home Loan Bank	\$ 2,000,000	\$ 2,000,000
Municipal bonds	3,369,891	3,369,891
Total	\$ 3,369,891	\$ 3,369,891

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, 2022, 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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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 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 Year Ended June 30, 2022

B. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,859,983	\$ -	\$ -	\$ 4,859,983
Construction in progress	2,208,344	7,379,553	(1,066,692)	8,521,205
Total Capital Assets Not Being Depreciated	<u>7,068,327</u>	<u>7,379,553</u>	<u>(1,066,692)</u>	<u>13,381,188</u>
Other capital assets:				
Buildings and improvements	153,831,299	1,066,692	-	154,897,991
Vehicles, furniture, and equipment	20,598,870	836,490	-	21,435,360
Right-to-use leased equipment	696,973	-	-	696,973
Total Other Capital Assets	<u>175,127,142</u>	<u>1,903,182</u>	<u>-</u>	<u>177,030,324</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(68,087,742)	(3,491,263)	-	(71,579,005)
Vehicles, furniture, and equipment	(17,384,125)	(1,087,181)	-	(18,471,306)
Right-to-use leased equipment	-	(261,365)	-	(261,365)
Total Accumulated Depreciation/Amortization	<u>(85,471,867)</u>	<u>(4,839,809)</u>	<u>-</u>	<u>(90,311,676)</u>
Other capital assets, net	<u>89,655,275</u>	<u>(2,936,627)</u>	<u>-</u>	<u>86,718,648</u>
Governmental Activities Capital Assets, Net	<u>\$ 96,723,602</u>	<u>\$ 4,442,926</u>	<u>\$ (1,066,692)</u>	<u>100,099,836</u>
			Less associated debt	(61,440,870)
			Plus deferred charge on refunding	818,424
			Plus unspent bond proceeds	10,422,199
			Net Investment in Capital Assets	<u>\$ 49,899,589</u>

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

Depreciation was charged to governmental functions as follows:

	Governmental Activities
11 Instruction	\$ 2,896,052
12 Instructional resources and media services	38,090
13 Curriculum and instructional staff development	3,311
21 Instructional leadership	23,959
23 School leadership	68,804
31 Guidance, counseling, and evaluation services	3,630
32 Social work services	500
34 Student (pupil) transportation	178,038
35 Food services	133,389
36 Extracurricular activities	464,818
41 General administration	95,023
51 Plant maintenance and operations	497,852
52 Security and monitoring services	48,540
53 Data processing services	237,384
81 Facilities acquisition and construction	150,419
Total Depreciation/Amortization Expense	\$ 4,839,809

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

C. Long-Term Debt

The following is a summary of changes in the District's total governmental long-term liabilities for the year ended June 30, 2022. In general, the District uses the general and debt service funds to liquidate governmental long-term liabilities.

Governmental Activities:	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year
Bonds payable:					
Series 2007	\$ 339,993	\$ -	\$ -	\$ 339,993	\$ -
Series 2013	7,350,000	-	(1,705,000)	5,645,000	1,805,000
Series 2015	5,680,000	-	(880,000)	4,800,000	900,000
Series 2016	7,505,000	-	(450,000)	7,055,000	470,000
Series 2017	4,570,000	-	(90,000)	4,480,000	90,000
Series 2020	16,520,000	-	(265,000)	16,255,000	280,000
Maintenance tax note:					
Series 2018	15,355,000	-	(615,000)	14,740,000	640,000
Note payable	194,593	-	(149,891)	44,702	18,692
Leases payable	696,973	-	(259,556)	437,417	268,788
	<u>58,211,559</u>	<u>-</u>	<u>(4,414,447)</u>	<u>53,797,112</u>	<u>* 4,472,480</u>
Other liabilities:					
Compensated absences	863,722	1,097,817	(1,322,334)	639,205	575,284
Unamortized premium	6,546,171	-	(529,733)	6,016,438	*
Accreted interest	1,541,330	85,990	-	1,627,320	*
Net pension liability	30,328,636	-	(16,475,963)	13,852,673	-
Net OPEB liability	31,798,820	-	(1,322,640)	30,476,180	-
Total Governmental Activities	<u>\$ 129,290,238</u>	<u>\$ 1,183,807</u>	<u>\$ (24,065,117)</u>	<u>\$ 106,408,928</u>	<u>\$ 5,047,764</u>
				<u>\$ 101,361,164</u>	
				<u>\$ 61,440,870</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 Year Ended June 30, 2022

Long-term debt at year 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%	5,645,000
Series 2015	2.00% - 4.00%	4,800,000
Series 2016	3.00% - 4.00%	7,055,000
Series 2017	2.00% - 4.00%	4,480,000
Series 2020	4.00% - 5.00%	16,255,000
Total General Obligation Bonds		\$ 38,574,993
 Maintenance Tax Notes		
Series 2018	4.00% - 5.00%	\$ 14,740,000
Total Maintenance Tax Notes		\$ 14,740,000
 Note Payable		
Cyber security - equipment	4.40%	\$ 44,702
Total Note Payable		\$ 44,702
 Leases Payable		
Right-to-use leased equipment	3.50%	\$ 437,417
Total Leases Payable		\$ 437,417

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

Year Ended June 30	Principal	Interest	Total Requirements
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	2,790,000	1,562,125	4,352,125
2028-2032	13,799,993	6,215,300	20,015,293
2033-2037	9,460,000	3,413,150	12,873,150
2038-2042	4,315,000	1,791,900	6,106,900
2043-2047	3,705,000	1,088,100	4,793,100
2048-2051	3,530,000	289,400	3,819,400
Total	\$ 53,314,993	\$ 22,095,725	\$ 75,410,718

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

The annual requirements to amortize note payable obligations outstanding at year end were as follows:

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 18,692	\$ 17,502	\$ 36,194
2024	26,010	10,184	36,194
Total	<u>\$ 44,702</u>	<u>\$ 27,686</u>	<u>\$ 72,388</u>

Capital assets acquired under current note payable obligations totaled \$513,619 less accumulated depreciation of \$256,809.

The annual requirements to amortize lease payable obligations outstanding at year end were as follows:

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 268,788	\$ 11,025	\$ 279,813
2024	168,629	2,221	170,850
	<u>\$ 437,417</u>	<u>\$ 13,246</u>	<u>\$ 450,663</u>

During the current fiscal year, the District was a lessee to an agreement for the acquisition and use of copiers. An initial lease liability was recorded in the amount of \$696,973 during the current fiscal year. The District is required to make monthly principal and interest payments of \$23,318. The lease has an interest rate of 3.5%. The equipment has a five-year estimated useful life. The value of the right-to-use lease assets as of the end of the current fiscal year was \$435,608 and had accumulated amortization of \$261,365.

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.

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2022

D. Interfund Transactions

The following is a summary of the District’s interfund transactions for the year:

<u>Due To</u>	<u>Due From</u>	<u>Amounts</u>
General fund	Nonmajor governmental funds	\$ 2,347,171
General fund	ESSER III fund	1,001,527
Nonmajor governmental funds	General fund	6,841
		<u>\$ 3,355,539</u>

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

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 Texas Association of School Boards. 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 hired Aetna to administer the Plan through December 2021 and the Kempton Group Administrators, Inc for the calendar year 2022. 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 Year Ended June 30, 2022

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 Annual Comprehensive Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/about/publications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

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 Year Ended June 30, 2022

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. Senate Bill 12 of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

Contribution Rates			
Fiscal Year	State	Public Education Employer	Active Employee
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	
	2021	2022
Medicare	7.70%	8.00%
NECE (State)	7.50%	7.75%
Employers	7.50%	7.50%

	Measurement Year (2021)	Fiscal Year (2022)
District contributions	\$ 2,321,325	\$ 3,097,341
Member contributions	\$ 4,969,293	\$ 5,417,939
NECE on-behalf contributions	\$ 3,475,597	\$ 3,044,625

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 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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

- 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:

- All public schools, charter schools, and regional educational service centers must contribute 1.6% of the member's salary beginning in fiscal year 2021, gradually increasing to 2.0% 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.

Actuarial Assumptions

The total pension liability (TPL) in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2020 rolled forward to August 31, 2021
Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate as of August 2020	1.95%. The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
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, 2020. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 14, 2020.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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 Year Ended June 30, 2022

Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2021 are summarized below:

**Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2021**

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%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	-0.20%	0.10%
Absolute Return	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources, and Infrastructure	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
Risk Parity			
Risk Parity	8.00%	2.80%	0.28%
Leverage			
Cash	2.00%	-0.70%	-0.10%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag(3)			-0.95%
Total	100.00%	34.50%	6.90%

(1) Target allocations are based on the FY2021 policy model.

(2) Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021).

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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	\$ 30,270,289	\$ 13,852,673	\$ 533,003

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

At June 30, 2022, the District reported a liability of \$13,852,673 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	\$ 13,852,673
State's proportionate share that is associated with the District	20,740,875
Total	\$ 34,593,548

The NPL was measured as of August 31, 2020 and rolled forward to August 31, 2021 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, 2020 through August 31, 2021.

At June 30, 2022, the District's proportion of the collective NPL was 0.0543958%, which was a decrease of 0.0022319% from its proportion measured as of June 30, 2021.

Changes Since the Prior Actuarial Valuation

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

For the year ended June 30, 2022, the District recognized pension expense of \$3,475,597 and revenue of \$3,475,597 for support provided by the State.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

At June 30, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 23,182	\$ 975,239
Changes in actuarial assumptions	4,896,649	2,134,519
Difference between projected and actual investment earnings	-	11,615,286
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	25,893	2,036,150
Contributions paid to TRS subsequent to the measurement date	2,672,461	-
Total	\$ 7,618,185	\$ 16,761,194

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:

Fiscal Year Ended June 30	Pension Expense
2023	\$ (2,190,302)
2024	(2,253,414)
2025	(3,149,580)
2026	(3,838,477)
2027	(306,125)
Thereafter	(77,572)
Total	\$(11,815,470)

D. Defined Other Postemployment Benefits Plan

Texas Public School Retired Employees Group Insurance Program

Plan Description

The District participates in TRS-Care. It is a multiple-employer, cost-sharing defined OPEB plan with a special funding situation. TRS-Care was established in 1986 by the Texas Legislature.

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

OPEB Plan Fiduciary Net Position

Detailed information about TRS-Care's fiduciary net position is available in a separately issued TRS Annual Comprehensive Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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, 2021 are as follows:

Total OPEB liability	\$ 41,113,711,083	
Less: plan fiduciary net position	2,539,242,470	
	\$ 38,574,468,613	Net OPEB Liability
Net position as a percentage of total OPEB liability		-6.18%

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

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

TRS-Care Monthly Premium Rates		
	Medicare	Non-Medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	\$ 529	\$ 689
Retiree or surviving spouse and children	\$ 468	\$ 408
Retiree and family	\$ 1,020	\$ 999

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:

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

Contribution Rates				
	2021	2022		
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 (2021)	Fiscal Year (2022)		
District contributions	\$ 617,217	\$ 763,929		
Member contributions	\$ 197,842	\$ 220,104		
NECE on-behalf contributions	\$ 826,933	\$ 846,553		

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.

TRS-Care received supplemental appropriations from the State as the NECE in the amount of \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

Actuarial Assumptions

The actuarial valuation was preformed as of August 31, 2020. Update procedures were used to roll forward the total OPEB liability to August 31, 2021.

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. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

Additional actuarial methods and assumptions are as follows:

Valuation date	8/31/2020 rolled forward to 8/31/2021
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Discount rate	1.95% as of August 31, 2021
Aging factors	Based on plan-specific experience
Election rates	Normal retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of 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: 8.50% (Medicare retirees) and 7.10% (non-Medicare retirees) Prescription drug trend rate: 8.50%

Discount Rate

A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of 0.38% 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 used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/ Data 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 (1.95%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's proportionate share of net OPEB liability	<u>\$ 36,761,295</u>	<u>\$ 30,476,180</u>	<u>\$ 25,529,589</u>

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

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	\$ 24,684,695	\$ 30,476,180	\$ 38,246,913

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

At June 30, 2022, the District reported a liability of \$30,476,180 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	\$ 30,476,180
State's proportionate share that is associated with the District	40,831,289
Total	\$ 71,307,469

The net OPEB liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The 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, 2020 through August 31, 2021.

At June 30, 2022, the employer's proportion of the collective net OPEB liability was 0.0790061%, compared to 0.0836492% as of June 30, 2021.

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 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased the total OPEB liability.

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

At June 30, 2022, 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	\$ 1,312,144	\$ 14,752,603
Changes in actuarial assumptions	3,375,595	6,445,148
Differences between projected and actual investment earnings	33,087	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	88	7,202,713
Contributions paid to TRS subsequent to the measurement date	650,987	-
Total	\$ 5,371,901	\$ 28,400,464

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:

Fiscal Year Ended June 30	OPEB Expense
2023	\$ (4,377,187)
2024	(4,377,933)
2025	(4,377,729)
2026	(3,575,520)
2027	(2,489,462)
Thereafter	(4,481,719)
	\$ (23,679,550)

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,506,986 and revenue of \$1,506,986 for support provided by the State.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2022, 2021, and 2020, the subsidy payments received by TRS-Care on behalf of the District were \$283,470, \$284,988, and \$306,145, respectively.

E. Employee Health Care Coverage

During the year ended June 30, 2022, the District contributed \$645 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 \$1,000,000 maximum annual aggregate stop-loss coverage.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

Claims payable, including an estimate for claims incurred but not reported, at June 30, 2022 are \$937,060. The Plan is funded to discharge liabilities for the Fund as they become due.

F. Workers' Compensation Insurance

During the year ended June 30, 2022, 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, 2021, the Fund carries a discounted reserve of \$44,985,187 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended June 30, 2022, 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, 2021 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 year ended June 30, 2022, 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 year ended June 30, 2022, 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 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, 2021 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 Year Ended June 30, 2022

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 prior year ending June 30, 2021, the District recovered \$1,533,848 and during the year ended June 30, 2022, the District recovered an additional \$297,248 for a total recovery of \$1,831,096.

I. Prior Period Adjustment

Beginning net position was restated to recognize the lease liability and right-to-use leased equipment for Government Accounting Standards Board Statement No. 87, *Leases*.

	Governmental Activities
Beginning net position - as reported	\$ 16,946,260
Lease liability adjustment	(696,973)
Right-to-use leased equipment	696,973
Beginning net position - restated	\$ 16,946,260

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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 Year Ended June 30, 2022

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget
		Original	Final		
	Revenues				
5700	Local and intermediate sources	\$ 23,216,812	\$ 23,681,431	\$ 23,298,572	\$ (382,859)
5800	State program revenues	71,338,571	71,843,973	71,604,642	(239,331)
5900	Federal program revenues	1,393,000	1,393,000	2,383,345	990,345
5020	Total Revenues	<u>95,948,383</u>	<u>96,918,404</u>	<u>97,286,559</u>	<u>368,155</u>
	Expenditures				
0011	Instruction	55,231,855	44,838,929	43,368,628	1,470,301
0012	Instructional resources and media services	1,688,256	1,676,633	1,288,763	387,870
0013	Curriculum/instructional staff development	1,325,810	1,398,323	1,219,222	179,101
0021	Instructional leadership	1,658,729	1,766,070	1,564,222	201,848
0023	School leadership	5,293,637	5,401,942	5,306,928	95,014
0031	Guidance, counseling, and evaluation services	4,227,517	4,273,861	3,903,736	370,125
0032	Social work services	272,214	391,016	300,934	90,082
0033	Health services	1,437,405	1,505,320	1,398,956	106,364
0034	Student (pupil) transportation	3,605,693	4,156,297	3,074,113	1,082,184
0035	Food services	176,940	258,138	116,549	141,589
0036	Extracurricular activities	3,623,165	3,570,109	3,290,251	279,858
0041	General administration	3,953,138	4,228,980	3,862,702	366,278
0051	Plant maintenance and operations	13,075,722	14,659,627	12,983,759	1,675,868
0052	Security and monitoring services	2,046,576	2,295,772	1,939,485	356,287
0053	Data processing services	3,596,075	3,532,100	3,024,973	507,127
0061	Community services	160,182	157,981	114,464	43,517
	Debt service:				
0071	Principal	3,701,722	3,701,722	3,701,722	-
0072	Interest	1,114,466	1,506,655	1,480,571	26,084
	Capital outlay:				
0081	Facilities acquisition and construction	-	10,757,517	3,060,465	7,697,052
	Intergovernmental:				
0099	Other governmental charges	525,000	667,645	567,481	100,164
6030	Total Expenditures	<u>106,714,102</u>	<u>110,744,637</u>	<u>95,567,924</u>	<u>15,176,713</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,765,719)</u>	<u>(13,826,233)</u>	<u>1,718,635</u>	<u>15,544,868</u>
	Other Financing Sources (Uses)				
7912	Sale of real and personal property	-	-	20,632	20,632
8949	Other sources	-	-	12,876	12,876
7080	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>33,508</u>	<u>33,508</u>
	Special Item				
8912	Special item (resources)	-	-	297,248	297,248
1200	Net Change in Fund Balance	<u>(10,765,719)</u>	<u>(13,826,233)</u>	<u>2,049,391</u>	<u>15,875,624</u>
0100	Beginning fund balance	43,323,176	43,323,176	43,323,176	-
3000	Ending Fund Balance	<u>\$ 32,557,457</u>	<u>\$ 29,496,943</u>	<u>\$ 45,372,567</u>	<u>\$ 15,875,624</u>

Notes to Required Supplementary Information:

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

**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 Ended as Indicated

	Plan Year			
	Measurement Year*			
	2021	2020	2019	2018
District's proportion of the net pension liability (asset)	0.0543958%	0.0566277%	0.0589495%	0.0600850%
District's proportionate share of the net pension liability (asset)	\$ 13,852,673	\$ 30,328,636	\$ 30,643,770	\$ 33,072,215
State's proportionate share of the net pension liability associated with the District	20,740,875	46,474,391	42,673,474	46,682,985
Total	<u>\$ 34,593,548</u>	<u>\$ 76,803,027</u>	<u>\$ 73,317,244</u>	<u>\$ 79,755,200</u>
District's covered payroll**	\$ 64,536,271	\$ 66,446,100	\$ 60,882,047	\$ 59,999,224
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.46%	45.64%	50.33%	55.12%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%

* Only eight 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*			
2017	2016	2015	2014
0.0606732%	0.0623701%	0.0645439%	0.0428135%
\$ 19,400,017	\$ 23,568,734	\$ 22,815,410	\$ 11,436,077
28,746,378	35,021,451	32,665,742	29,038,237
<u>\$ 48,146,395</u>	<u>\$ 58,590,185</u>	<u>\$ 55,481,152</u>	<u>\$ 40,474,314</u>
\$ 59,508,901	\$ 59,432,234	\$ 56,506,425	\$ 55,211,617
32.60%	39.66%	40.38%	20.71%
82.17%	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 Ended as Indicated

	<u>Fiscal Year*</u>	<u>Ten Months**</u>	<u>Fiscal Year*</u>	
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 3,097,341	\$ 1,916,884	\$ 2,338,148	\$ 2,063,331
Contributions in relations to the contractually required contribution	3,097,341	1,916,884	2,338,148	2,063,331
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 67,724,236	\$ 53,001,652	\$ 66,446,100	\$ 60,882,047
Contributions as a percentage of covered payroll	4.57%	3.62%	3.52%	3.39%

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

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

Fiscal Year*			
2018	2017	2016	2015
\$ 2,010,730	\$ 1,988,526	\$ 1,979,560	\$ 1,911,172
<u>2,010,730</u>	<u>1,988,526</u>	<u>1,979,560</u>	<u>1,911,172</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 59,999,224	\$ 59,508,901	\$ 59,432,234	\$ 56,506,425
3.35%	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 Ended as Indicated

	Plan Year			
	Measurement Year*			
	2021	2020	2019	2018
District's proportion of the collective net OPEB liability (asset)	0.0790061%	0.0836492%	0.0857678%	0.0867435%
District's proportionate share of the collective net OPEB liability (asset)	\$ 30,476,180	\$ 31,798,820	\$ 40,560,646	\$ 43,311,812
State's proportionate share of the collective net OPEB liability (asset) associated with the District	40,831,289	42,729,992	53,896,025	47,391,624
Total	<u>\$ 71,307,469</u>	<u>\$ 74,528,812</u>	<u>\$ 94,456,671</u>	<u>\$ 90,703,436</u>
District's covered payroll**	\$ 64,536,271	\$ 66,446,100	\$ 60,882,047	\$ 59,999,224
District's proportionate share of the net OPEB liability (asset) as a percentage of covered payroll	47.22%	47.86%	66.62%	72.19%
Plan fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%	1.57%

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

Notes to Required Supplementary Information:

1. *Changes in Assumptions:*

The discount rate was changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased the total OPEB liability.

2. *Changes in Benefits:*

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

Plan Year
Measurement
Year*
2017

0.0960894%

\$ 41,785,687

43,290,532
\$ 85,076,219

\$ 59,508,901

70.22%

0.91%

**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 Ended as Indicated

	Fiscal Year*	Ten Months**	Fiscal Year*	
	2021	2021	2020	2019
Statutorily required contributions	\$ 763,929	\$ 510,229	\$ 645,285	\$ 606,307
Contributions in relations to the statutorily required contributions	763,929	510,229	645,285	606,307
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 67,724,236	\$ 53,001,652	\$ 66,446,100	\$ 60,882,047
Contributions as a percentage of covered payroll	1.13%	0.96%	0.97%	1.00%

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

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

Fiscal Year*	
	2018
\$	594,838
	<hr/>
	594,838
\$	-
	<hr/> <hr/>
\$	59,999,224

0.99%

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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, 2022

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	543,935	762,410	26,550	357,137
1260	Due from other funds	-	-	-	-
1290	Other receivables	8,088	91	-	-
1000	Total Assets	\$ 552,023	\$ 762,501	\$ 26,550	\$ 357,137
	<u>Liabilities</u>				
2110	Accounts payable	\$ 16,352	\$ -	\$ -	\$ -
2120	Short-term debt payable - current	1,391	894	-	937
2150	Payroll deductions payable	62,030	102,137	-	41,273
2160	Accrued wages payable	224,448	266,044	201	155,815
2170	Due to other funds	247,802	393,426	26,349	159,112
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	552,023	762,501	26,550	357,137
	<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	\$ 552,023	\$ 762,501	\$ 26,550	\$ 357,137

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
\$ -	\$ 2,832,794	\$ 548,533	\$ -	\$ -	\$ -
8,583	-	170,659	15,304	109,470	8,194
-	-	-	-	-	-
-	-	-	-	604	-
<u>\$ 8,583</u>	<u>\$ 2,832,794</u>	<u>\$ 719,192</u>	<u>\$ 15,304</u>	<u>\$ 110,074</u>	<u>\$ 8,194</u>
\$ -	\$ -	\$ 184,641	\$ -	\$ -	\$ -
13	8,226	-	19	147	-
1,384	126,344	-	794	6,249	-
3,863	255,448	-	5,953	44,527	198
3,323	594,208	44,973	8,538	59,151	7,996
-	-	-	-	-	-
<u>8,583</u>	<u>984,226</u>	<u>229,614</u>	<u>15,304</u>	<u>110,074</u>	<u>8,194</u>
-	1,848,568	489,578	-	-	-
-	-	-	-	-	-
-	<u>1,848,568</u>	<u>489,578</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 8,583</u>	<u>\$ 2,832,794</u>	<u>\$ 719,192</u>	<u>\$ 15,304</u>	<u>\$ 110,074</u>	<u>\$ 8,194</u>

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 2 of 3)

June 30, 2022

		Special Revenue Funds			
		266	270	272	279
Data Control Codes		ESSER	Title V, Part B Rural & Low Income School	Medicaid Admin. Claim MAC	TCLAS ESSER III
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ 85,288	\$ -
1240	Due from other governments	-	11,979	-	20,700
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	Total Assets	\$ -	\$ 11,979	\$ 85,288	\$ 20,700
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2120	Short-term debt payable - current	-	-	-	-
2150	Payroll deductions payable	-	-	-	-
2160	Accrued wages payable	-	119	-	-
2170	Due to other funds	-	11,860	-	20,700
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	-	11,979	-	20,700
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state fund grant restrictions	-	-	85,288	-
3490	Other restrictions of fund balance	-	-	-	-
3000	Total Fund Balances	-	-	85,288	-
4000	Total Liabilities and Fund Balances	\$ -	\$ 11,979	\$ 85,288	\$ 20,700

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
\$ -	\$ 354,584	\$ 1,212	\$ 1,681	\$ 22,077	\$ 59,365
546,868	34,060	-	-	-	-
-	-	6,661	-	-	180
-	-	-	-	-	-
<u>\$ 546,868</u>	<u>\$ 388,644</u>	<u>\$ 7,873</u>	<u>\$ 1,681</u>	<u>\$ 22,077</u>	<u>\$ 59,545</u>
\$ 1,644	\$ -	\$ -	\$ -	\$ -	\$ -
176	-	23	-	-	102
27,311	-	965	-	-	4,985
53,462	3	6,885	-	-	31,484
464,275	299,458	-	-	-	-
-	87,278	-	-	6,900	-
<u>546,868</u>	<u>386,739</u>	<u>7,873</u>	<u>-</u>	<u>6,900</u>	<u>36,571</u>
-	1,905	-	1,681	15,177	22,974
-	-	-	-	-	-
<u>-</u>	<u>1,905</u>	<u>-</u>	<u>1,681</u>	<u>15,177</u>	<u>22,974</u>
<u>\$ 546,868</u>	<u>\$ 388,644</u>	<u>\$ 7,873</u>	<u>\$ 1,681</u>	<u>\$ 22,077</u>	<u>\$ 59,545</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, 2022

Data Control Codes		Special Revenue Funds			Total Nonmajor Governmental Funds
		461	482	487	
		Campus Activity	Loss Prevention Grant	Healthy Futures of Texas	
	<u>Assets</u>				
1110	Cash and cash equivalents	\$ 129,373	\$ -	\$ 28,556	\$ 4,063,463
1240	Due from other governments	-	-	-	2,615,849
1260	Due from other funds	-	-	-	6,841
1290	Other receivables	-	-	2,803	11,586
1000	Total Assets	\$ 129,373	\$ -	\$ 31,359	\$ 6,697,739
	<u>Liabilities</u>				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 202,637
2120	Short-term debt payable - current	-	-	-	11,928
2150	Payroll deductions payable	-	-	-	373,472
2160	Accrued wages payable	-	-	-	1,048,450
2170	Due to other funds	6,000	-	-	2,347,171
2300	Unearned revenue	-	-	-	94,178
2000	Total Liabilities	6,000	-	-	4,077,836
	<u>Fund Balances</u>				
	Restricted:				
3450	Federal/state fund grant restrictions	-	-	31,359	2,496,530
3490	Other restrictions of fund balance	123,373	-	-	123,373
3000	Total Fund Balances	123,373	-	31,359	2,619,903
4000	Total Liabilities and Fund Balances	\$ 129,373	\$ -	\$ 31,359	\$ 6,697,739

**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 Year Ended June 30, 2022

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
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	2,563,361	3,633,735	258,074	1,691,570
5020	Total Revenues	<u>2,563,361</u>	<u>3,633,735</u>	<u>258,074</u>	<u>1,691,570</u>
Expenditures					
Current:					
0011	Instruction	1,761,511	2,682,349	48,810	1,248,421
0012	Instructional resources and media services	39,085	-	-	-
0013	Curriculum/instructional staff development	49,870	99,606	-	-
0021	Instructional leadership	158,458	114,776	97,744	124,526
0023	School leadership	-	14,798	-	-
0031	Guidance, counseling, and evaluation service	52,887	51,427	-	318,623
0033	Health services	93,554	18,841	1,473	-
0034	Student transportation	109,025	28,293	27,075	-
0035	Food service	11,945	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	131,297	35,617	8,227	-
0052	Security and monitoring services	-	360	-	-
0061	Community services	155,729	587,668	74,745	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>2,563,361</u>	<u>3,633,735</u>	<u>258,074</u>	<u>1,691,570</u>
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
\$ -	\$ 774,032	\$ 606	\$ -	\$ -	\$ -
-	33,671	-	-	-	-
52,029	7,509,377	441,911	148,281	445,732	169,051
<u>52,029</u>	<u>8,317,080</u>	<u>442,517</u>	<u>148,281</u>	<u>445,732</u>	<u>169,051</u>
52,029	-	-	61,029	40,696	-
-	-	-	-	-	-
-	-	-	-	380,659	167,301
-	-	-	-	24,377	1,750
-	-	-	-	-	-
-	-	-	87,252	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,468,512	356,815	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>52,029</u>	<u>6,468,512</u>	<u>356,815</u>	<u>148,281</u>	<u>445,732</u>	<u>169,051</u>
-	1,848,568	85,702	-	-	-
-	-	403,876	-	-	-
<u>\$ -</u>	<u>\$ 1,848,568</u>	<u>\$ 489,578</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 Year Ended June 30, 2022

Data Control Codes		Special Revenue Funds			
		266	270	272	279
		ESSER	Title V, Part B Rural & Low Income School	Medicaid Admin. Claim MAC	TCLAS ESSER III
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	4,167	224,647	44,965	49,330
5020	Total Revenues	<u>4,167</u>	<u>224,647</u>	<u>44,965</u>	<u>49,330</u>
Expenditures					
Current:					
0011	Instruction	4,167	63,974	-	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum/instructional staff development	-	158,956	-	49,330
0021	Instructional leadership	-	1,717	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-
0033	Health services	-	-	13,813	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>4,167</u>	<u>224,647</u>	<u>13,813</u>	<u>49,330</u>
1200	Net Change in Fund Balances	-	-	31,152	-
0100	Beginning fund balances	-	-	54,136	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,288</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	44,911	1,530	589,831	226,369
<u>2,471,267</u>	<u>501,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,471,267</u>	<u>501,447</u>	<u>44,911</u>	<u>1,530</u>	<u>589,831</u>	<u>226,369</u>
709,210	335,964	44,911	-	523,870	56,652
-	-	-	-	66,360	-
67,226	86,133	-	-	-	107,469
-	1,749	-	-	-	6,389
-	-	-	-	-	-
9,142	2,526	-	-	-	251,601
-	34,042	-	-	-	-
-	6,258	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,685,689	-	-	-	-	-
-	34,714	-	-	-	-
-	61	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,471,267</u>	<u>501,447</u>	<u>44,911</u>	<u>-</u>	<u>590,230</u>	<u>422,111</u>
-	-	-	1,530	(399)	(195,742)
-	1,905	-	151	15,576	218,716
<u>\$ -</u>	<u>\$ 1,905</u>	<u>\$ -</u>	<u>\$ 1,681</u>	<u>\$ 15,177</u>	<u>\$ 22,974</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 Year Ended June 30, 2022

Data Control Codes		Special Revenue Funds			Total Nonmajor Governmental Funds
		461 Campus Activity	482 Loss Prevention Grant	487 Healthy Futures of Texas	
Revenues					
5700	Local, intermediate, and out-of-state	\$ 57,881	\$ -	\$ 41,625	\$ 874,144
5800	State program revenues	-	-	14,000	910,312
5900	Federal program revenues	-	-	-	20,208,944
5020	Total Revenues	<u>57,881</u>	<u>-</u>	<u>55,625</u>	<u>21,993,400</u>
Expenditures					
Current:					
0011	Instruction	8,226	-	5,033	7,646,852
0012	Instructional resources and media services	12,063	-	-	117,508
0013	Curriculum/instructional staff development	-	-	-	1,166,550
0021	Instructional leadership	171	-	-	531,657
0023	School leadership	7,536	-	-	22,334
0031	Guidance, counseling, and evaluation services	-	-	-	773,458
0033	Health services	-	-	-	161,723
0034	Student transportation	-	-	-	170,651
0035	Food service	-	-	-	6,837,272
0036	Extracurricular activities	46,009	-	901	46,910
0041	General administration	2,612	1,000	-	1,689,301
0051	Plant maintenance and operations	-	-	-	209,855
0052	Security and monitoring services	-	-	-	421
0061	Community services	-	-	-	818,142
Capital outlay:					
0081	Facilities acquisition and construction	-	-	29,710	29,710
6030	Total Expenditures	<u>76,617</u>	<u>1,000</u>	<u>35,644</u>	<u>20,222,344</u>
1200	Net Change in Fund Balances	(18,736)	(1,000)	19,981	1,771,056
0100	Beginning fund balances	<u>142,109</u>	<u>1,000</u>	<u>11,378</u>	<u>848,847</u>
3000	Ending Fund Balances	<u>\$ 123,373</u>	<u>\$ -</u>	<u>\$ 31,359</u>	<u>\$ 2,619,903</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Year Ended June 30, 2022

Last Ten Fiscal Years	1		2		3	
	Tax Rates				Net Assessed/ Appraised Value For School	
	Maintenance	Debt Service	Tax Purposes			
2013 and prior	Various	Various	Various			
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	\$ 2,272,172,907			
2022	\$ 0.9752	\$ 0.0570	\$ 2,305,023,542			
1000 Totals						

10	20	31	32	40	50
Beginning Balance 6/30/21	Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 6/30/22
\$ 750,511	\$ -	\$ 43,832	\$ 2,450	\$ (3,934)	\$ 700,295
130,634	-	15,508	872	(3,195)	111,059
141,503	-	18,905	1,057	(3,184)	118,357
174,273	-	21,290	1,212	(332)	151,439
221,936	-	25,086	1,410	(225)	195,215
309,707	-	47,669	2,754	(2,057)	257,227
474,053	-	93,463	5,484	(4,141)	370,965
1,262,509	-	173,678	9,746	(19,519)	1,059,566
1,794,133	-	484,503	26,485	(92,209)	1,190,936
-	23,792,453	20,714,821	1,205,410	-	1,872,222
<u>\$ 5,259,259</u>	<u>\$ 23,792,453</u>	<u>\$ 21,638,755</u>	<u>\$ 1,256,880</u>	<u>\$ (128,796)</u>	<u>\$ 6,027,281</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 Year Ended June 30, 2022

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ 604,937	\$ 775,358	\$ 774,032	\$ (1,326)
5800	State program revenues	32,152	25,694	33,671	7,977
5900	Federal program revenues	4,647,435	7,460,376	7,509,377	49,001
5020	Total Revenues	<u>5,284,524</u>	<u>8,261,428</u>	<u>8,317,080</u>	<u>55,652</u>
Expenditures					
Current:					
0035	Food services	5,113,190	6,924,163	6,468,512	455,651
6030	Total Expenditures	<u>5,113,190</u>	<u>6,924,163</u>	<u>6,468,512</u>	<u>455,651</u>
1200	Net Change in Fund Balance	171,334	1,337,265	1,848,568	511,303
0100	Beginning fund balance	-	-	-	-
3000	Ending Fund Balance	<u>\$ 171,334</u>	<u>\$ 1,337,265</u>	<u>\$ 1,848,568</u>	<u>\$ 511,303</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 Year Ended June 30, 2022

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ 1,339,824	\$ 1,341,803	\$ 1,290,635	\$ (51,168)
5800	State program revenues	284,762	410,337	407,979	(2,358)
5020	Total Revenues	<u>1,624,586</u>	<u>1,752,140</u>	<u>1,698,614</u>	<u>(53,526)</u>
Expenditures					
Debt service:					
0071	Principal	712,725	712,725	712,725	-
0072	Interest	945,775	962,350	950,729	11,621
6030	Total Expenditures	<u>1,658,500</u>	<u>1,675,075</u>	<u>1,663,454</u>	<u>11,621</u>
1200	Net Change in Fund Balance	(33,914)	77,065	35,160	(41,905)
0100	Beginning fund balance	702,235	702,235	702,235	-
3000	Ending Fund Balance	<u>\$ 668,321</u>	<u>\$ 779,300</u>	<u>\$ 737,395</u>	<u>\$ (41,905)</u>

Notes for 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**
USE OF FUNDS REPORT
SELECT STATE ALLOTMENT PROGRAM - EXHIBIT J-4
For the Year Ended June 30, 2022

<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.	\$ 10,950,406
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)	\$ 6,347,939
<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.	\$ 989,611
AP8	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 777,471

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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 the year ended June 30, 2022, 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 14, 2022.

Report on 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Report on 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 14, 2022



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

Opinion on Each Major Federal Program

We have audited San Felipe Del Rio Consolidated Independent School District's (the "District") compliance with the types of compliance identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that 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 14, 2022

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2022

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 Year Ended June 30, 2022

I. SUMMARY OF AUDIT RESULTS

Financial Statements

What were the results of the auditors' determination of whether the financial statements were prepared in accordance with generally accepted accounting principles?	Unmodified
Is a 'going concern' emphasis-of-matter paragraph included in the auditors' report?	No
Is a significant deficiency in internal control disclosed?	No
Is a material weakness in internal control disclosed?	No
Is a material noncompliance disclosed?	No

Federal Programs

Does the auditors' report include a statement that the financial statements include departments, agencies, or other organizational units expending federal awards which are not included in this audit?	No
What is the dollar threshold used to distinguish between Type A and Type B programs?	\$1,155,984
Did the auditee qualify as low-risk auditee?	Yes

Major Program Information and Audit Findings

Identification of major programs:

<u>Assistance Listing (AL) Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Number of Audit Findings</u>
84.425D, 84.425U	ESSER	0
84.027A, 84.173A	Special Education Cluster	0
93.600	Head Start	0

Type of audit report issued on compliance for major programs	Unmodified
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II. FINANCIAL STATEMENT FINDINGS

None identified.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None identified.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (Page 1 of 2) - EXHIBIT K-1

For the Year Ended June 30, 2022

(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	\$ 213,171
<i>Passed Through State Department of Education</i>			
ESEA Title I, Part A	84.010A	20610101233901	161,738
ESEA Title I, Part A	84.010A	21610101233901	420,983
ESEA Title I, Part A	84.010A	22610101233901	3,052,281
Title I, 1003 ESF-Focused Support	84.010A	226101577110018	157,637
ESEA Title I, Part C	84.011A	20615001233901	98,941
ESEA Title I, Part C	84.011A	21615001233901	24,168
ESEA Title I, Part C	84.011A	22615001233901	146,250
Title III, Part A	84.365A	21671001233901	2,328
Title III, Part A	84.365A	22671001233901	170,104
Career and Technical, Basic Grant	84.048A	21420006233901	604
Career and Technical, Basic Grant	84.048A	22420006233901	154,161
Title II, Part A, Teacher and Principal	84.367A	20694501233901	53,605
Title II, Part A, Teacher and Principal	84.367A	21694501233901	15,691
Title II, Part A, Teacher and Principal	84.367A	22694501233901	395,928
COVID-19, ESSER	84.425D	20521001233901	7,534
COVID-19, CRRSA ESSER II	84.425D	21521001233901	4,054,458
COVID-19, ARP ESSER III	84.425U	21528001233901	15,796,978
COVID-19, TCLAS ESSER III	84.425U	21528042233901	49,330
Title V, Part B, Subpart 2 - Rural and Low Income School	84.358B	20696001233901	5,532
Title V, Part B, Subpart 2 - Rural and Low Income School	84.358B	21696001233901	67,267
Title V, Part B, Subpart 2 - Rural and Low Income School	84.358B	22696001233901	161,672
Summer School LEP	84.369A	69552002	5,898
Title IV, Part A, Subpart 1	84.424A	20680101233901	15,784
Title IV, Part A, Subpart 1	84.424A	21680101233901	103,123
Title IV, Part A, Subpart 1	84.424A	22680101233901	89,147
Special Education Cluster:			
IDEA B, Formula Grant*	84.027A	216600012339016000	59,497
IDEA B, Formula Grant*	84.027A	226600012339016000	1,706,045
IDEA B, Preschool*	84.173A	216610012339016000	872
IDEA B, Preschool*	84.173A	226610012339016000	53,432
TOTAL U.S. DEPARTMENT OF EDUCATION			27,244,159

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (Page 2 of 2) - EXHIBIT K-1

For the Year Ended June 30, 2022

(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 HEALTH AND HUMAN SERVICES			
<i>Passed Through Texas Health and Human Services Commission</i>			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00189	44,965
<i>Passed Through State Department of Education</i>			
ELC Reopening Schools	93.323	39352201	293,562
<i>Direct Program</i>			
Head Start	93.600	06CH011187-02-01	89,148
Head Start	93.600	06CH011187-03-00	2,316,791
Head Start - Summer School	93.600	06HE000745-01-00	75,226
COVID-19 Head Start - American Rescue Plan	93.600	06HE000745-01-01	65,105
COVID-19 Head Start	93.600	06CH011187-02-02	17,091
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,901,888
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through State Department of Agriculture</i>			
Child Nutrition Cluster:			
School Breakfast Program*	10.553	806780706	1,320,734
National School Lunch Program - Cash Assistance*	10.555	806780706	5,410,441
Summer Feeding Program*	10.559	806780706	441,911
COVID-19 - Emergency Operating Costs*	10.555	806780706	333,128
National School Lunch Program - Equipment Assistance	10.579	806780706	38,897
Food Distribution Cluster:			
National School Lunch Program - Non-Cash Assistance	10.565	806780706	658,406
TOTAL U.S. DEPARTMENT OF AGRICULTURE			8,203,517
U.S. DEPARTMENT OF DEFENSE			
<i>Direct Program</i>			
ROTC	12.000	233-901	110,157
TOTAL U.S. DEPARTMENT OF DEFENSE			110,157
FEDERAL COMMUNICATIONS COMMISSION			
<i>Direct Program</i>			
Universal E-Rate	32.000	233-901	73,075
TOTAL FEDERAL COMMUNICATIONS COMMISSION			73,075
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 38,532,796

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

The accompanying notes are an integral part of this schedule.

Federal revenue per SEFA	\$ 38,532,796
Internal service fund federal revenue	(1,413,318)
SHARS	607,930
C-2 Federal revenue	<u>\$ 37,727,408</u>

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

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 \$1,413,318 related to the federal grant program, ESSER II, Assistance Listing number 84.425D, were incurred in the prior year, however, approval was not provided by the granting agency until fiscal year 2022. Accordingly, these expenditures have been listed on the fiscal year 2022 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 Year Ended June 30, 2022

<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>\$ 1,627,320</u>

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