

ANNUAL FINANCIAL REPORT

of

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

For the Year Ended
June 30, 2023

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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, 2023, at a meeting of the Board of Trustees of such school district on the 15 day of November, 2023.

Linda Nancy Webb
Signature of Board Secretary

Samuel M. Meza
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 Audit of the Financial Statements

Opinions

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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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 judgement, 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 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 13, 2023 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 13, 2023

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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, 2023

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, 2023. 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.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at June 30, 2023 was \$35,572,922.
- For the year ended June 30, 2023, the District's general fund reported a total fund balance of \$41,405,885, of which \$675,117 is nonspendable, \$12,730,176 is committed for construction, equipment, and other projects, and \$28,000,592 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 a combined ending fund balance of \$47,785,205.

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.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or custodian 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.

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2023

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.
- 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.

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2023

The District has the following kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* – The District maintains an internal service fund as a proprietary fund. Internal service funds account for services provided to other departments of the District on a cost-reimbursement basis. The District uses this fund to account for 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 \$35,572,922 at June 30, 2023. *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, 2023. *Table 1* indicates the District's net position increased \$5,859,505 in total from the prior year. The details of this increase can be seen in *Table 2*. Current assets decreased compared to the prior year mainly due to a decrease in receivables for grant revenues. Capital assets increased largely due to an increase in construction in progress. Long-term liabilities increased significantly compared to the prior year due to a large increase in net pension liability. Current liabilities increased primarily due to an increase in accounts payable due at fiscal year end and unearned grant revenue. Total deferred outflows of resources increased while total deferred inflows of resources decreased related to pension and other postemployment benefit (OPEB) plans compared to the prior year due to changes in actuarially determined amounts that are deferred for pension and OPEB plan assets.

The District experienced an increase in total revenue of \$4,796,882 or roughly 4 percent compared to the prior year. This increase was largely due to an increase in grants and contributions not restricted for specific programs, property taxes, and investment earnings. Grants and contributions not restricted for specific programs primarily increased compared to the prior year due to an increase in foundation revenue. Property tax revenue increased due to an increase in the property tax rate and property valuations. Investment earnings increased due to an increase in interest rates during the current year. Additionally, operating grants and contributions decreased due to less grant funding received in the current year for the Elementary and Secondary School Emergency Relief (ESSER) grants. The revenue received for special items in the prior and current period are for funds recovered from a fraudulent debt service payment related to a cyber scam that occurred in fiscal year 2020. More details about the fraudulent payment can be found in Note IV.G. to the financial statements.

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2023

Expenses increased by \$11,704,534, or 10 percent, primarily due to an increase in payroll related expenses and security upgrades.

Table 1
Net Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Total Change</u>
	<u>2023</u>	<u>2022</u>	<u>2023-2022</u>
Current assets	\$ 79,452,706	\$ 84,642,237	\$ (5,189,531)
Capital assets	107,190,605	100,099,836	7,090,769
Total Assets	<u>186,643,311</u>	<u>184,742,073</u>	<u>1,901,238</u>
Deferred charge on refunding	657,359	818,424	(161,065)
Deferred outflows - pensions	20,580,602	7,618,185	12,962,417
Deferred outflows - OPEB	10,934,994	5,371,901	5,563,093
Total Deferred Outflows of Resources	<u>32,172,955</u>	<u>13,808,510</u>	<u>18,364,445</u>
Current liabilities	20,049,362	17,266,580	2,782,782
Long-term liabilities	119,910,735	106,408,928	13,501,807
Total Liabilities	<u>139,960,097</u>	<u>123,675,508</u>	<u>16,284,589</u>
Deferred inflows - pensions	4,328,729	16,761,194	(12,432,465)
Deferred inflows - OPEB	38,954,518	28,400,464	10,554,054
Total Deferred Inflows of Resources	<u>43,283,247</u>	<u>45,161,658</u>	<u>(1,878,411)</u>
Net Position:			
Net investment			
in capital assets	53,857,334	49,899,589	3,957,745
Restricted	3,816,328	3,357,298	459,030
Unrestricted	(22,100,740)	(23,543,470)	1,442,730
Total Net Position	<u>\$ 35,572,922</u>	<u>\$ 29,713,417</u>	<u>\$ 5,859,505</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2023

Table 2
Changes in Net Position

	Governmental Activities		Total Change
	2023	2022	2023-2022
Revenues			
Program revenues:			
Charges for services	\$ 881,288	\$ 1,289,342	\$ (408,054)
Operating grants and contributions	41,491,421	46,854,917	(5,363,496)
General revenues:			
Property taxes	29,700,965	23,130,613	6,570,352
Grants and contributions not restricted for specific programs	64,571,484	62,707,730	1,863,754
Investment earnings	2,336,239	164,483	2,171,756
Other revenue	1,147,495	898,008	249,487
Special items	10,331	297,248	(286,917)
Total Revenue	<u>140,139,223</u>	<u>135,342,341</u>	<u>4,796,882</u>
Expenses			
Instruction	65,315,669	62,713,362	2,602,307
Instructional resources and media services	1,589,999	1,407,123	182,876
Curriculum/instructional staff development	3,151,077	2,342,722	808,355
Instructional leadership	2,549,135	2,031,382	517,753
School leadership	5,229,621	5,092,892	136,729
Guidance, counseling, and evaluation services	5,445,892	4,478,196	967,696
Social work services	299,030	282,942	16,088
Health services	1,563,311	1,482,347	80,964
Student (pupil) transportation	4,008,788	3,270,910	737,878
Food services	7,775,707	7,052,018	723,689
Extracurricular activities	3,693,049	3,860,214	(167,165)
General administration	8,226,182	1,790,722	6,435,460
Plant maintenance and operations	14,702,255	16,569,222	(1,866,967)
Security and monitoring services	3,518,440	1,885,473	1,632,967
Data processing services	3,361,573	4,592,755	(1,231,182)
Community services	1,087,019	919,519	167,500
Debt service - interest	1,864,744	2,085,485	(220,741)
Facilities acquisition and construction	229,745	150,419	79,326
Other intergovernmental charges	668,482	567,481	101,001
Total Expenses	<u>134,279,718</u>	<u>122,575,184</u>	<u>11,704,534</u>
Change in Net Position	5,859,505	12,767,157	(6,907,652)
Beginning net position	29,713,417	16,946,260	12,767,157
Ending Net Position	<u>\$ 35,572,922</u>	<u>\$ 29,713,417</u>	<u>\$ 5,859,505</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the year ending June 30, 2023, the District's governmental funds reported a combined fund balance of \$47,785,205. This compares to a combined fund balance of \$54,493,773 at June 30, 2022. The fund balance in the general fund increased by \$691,609. Compared to the prior year, revenues increased by \$296,161 primarily due to an increase in foundation and property tax revenue. Property tax revenue increased due to an increase in property valuations. Compared to the prior year, expenditures increased by \$12,198,568 across most functions largely due to an increase in payroll-related expenditures, property insurance, and security upgrades.

The debt service fund had a decrease in fund balance of \$199,953 due to an increase in principal and interest payments.

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, 2023, 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 \$2,159,254 as a result of more state funding than anticipated. Total general fund budgeted expenditures exceeded actual expenditures by \$14,390,996 with the largest positive variances in instruction, plant maintenance and operations, 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, 2023, 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, 2023, the District had a total of \$202,203,984 invested in capital assets such as land, buildings, and District equipment. This total includes \$11,801,322 invested during the year ended June 30, 2023.

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, 2023

LONG-TERM DEBT

At year end, the District had \$49,129,993 in general obligation bonds and a maintenance tax note outstanding versus \$53,314,993 last year. The District paid \$4,185,000 in principal payments during the current period. At year end, the District had \$227,049 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 2023-2024 school year total \$120,224,481 for the general fund, food service fund, and the debt service fund combined compared to budgeted revenues of \$114,337,462. The District's Board adopted a Maintenance and Operations tax rate of \$0.7509 and an Interest and Sinking tax rate of \$0.1877 for a combined rate of \$0.9386 per \$100 of valuation, which is a decrease of \$0.2243 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, 2023

<u>Data Control Codes</u>		<u>1 Governmental Activities</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 19,223,667
1120	Current investments	38,131,359
1220	Property taxes receivables	6,658,588
1230	Allowance for uncollectible taxes	(335,593)
1240	Due from other governments	11,514,395
1290	Other receivables (net)	3,529,669
1300	Inventories	675,117
1410	Prepaid items	55,504
		<u>79,452,706</u>
	Capital assets:	
1510	Land	4,859,983
1520	Buildings and improvements, net	82,444,355
1530	Vehicles, furniture and equipment, net	3,543,632
1550	Right-to-use assets, net	232,165
1580	Construction in progress	16,110,470
		<u>107,190,605</u>
1000	Total Assets	<u>186,643,311</u>
	<u>Deferred Outflows of Resources</u>	
1701	Deferred charge on refunding	657,359
1705	Deferred outflows - pensions	20,580,602
1710	Deferred outflows - OPEB	10,934,994
1700	Total Deferred Outflows of Resources	<u>32,172,955</u>
	<u>Liabilities</u>	
2110	Accounts payable	2,756,910
2120	Other liabilities	1,525,456
2140	Accrued interest payable	766,582
2150	Payroll deductions payable	1,791,554
2160	Accrued wages payable	9,130,403
2300	Unearned revenue	4,078,457
		<u>20,049,362</u>
	Noncurrent liabilities:	
2501	Long-term liabilities due within one year	5,143,907
2502	Long-term liabilities due in more than one year	52,079,801
2540	Net pension liability	41,143,683
2545	Net OPEB liability	21,543,344
		<u>119,910,735</u>
2000	Total Liabilities	<u>139,960,097</u>
	<u>Deferred Inflows of Resources</u>	
2605	Deferred inflows - pensions	4,328,729
2610	Deferred inflows - OPEB	38,954,518
2600	Total Deferred Inflows of Resources	<u>43,283,247</u>
	<u>Net Position</u>	
3200	Net investment in capital assets	53,857,334
	Restricted for:	
3820	Federal and state programs	3,138,292
3850	Debt service	537,442
3870	Campus activities	140,594
3900	Unrestricted	(22,100,740)
3000	Total Net Position	<u>\$ 35,572,922</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, 2023

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	\$ 65,315,669	\$ 118,864	\$ 23,315,057	\$ (41,881,748)
12	Instructional resources				
12	and media services	1,589,999	47,820	133,950	(1,408,229)
13	Curriculum/instructional				
13	staff development	3,151,077	4,396	1,701,772	(1,444,909)
21	Instructional leadership	2,549,135	5,573	722,858	(1,820,704)
23	School leadership	5,229,621	22,401	523,838	(4,683,382)
31	Guidance, counseling, and				
31	evaluation services	5,445,892	12,183	1,384,713	(4,048,996)
32	Social work services	299,030	839	18,655	(279,536)
33	Health services	1,563,311	3,843	298,938	(1,260,530)
34	Student (pupil) transportation	4,008,788	10,367	474,552	(3,523,869)
35	Food services	7,775,707	516,967	7,609,670	350,930
36	Extracurricular activities	3,693,049	64,212	208,340	(3,420,497)
41	General administration	8,226,182	16,284	1,826,355	(6,383,543)
51	Plant maintenance and operations	14,702,255	38,120	1,236,914	(13,427,221)
52	Security and monitoring services	3,518,440	10,135	385,110	(3,123,195)
53	Data processing services	3,361,573	8,923	174,029	(3,178,621)
61	Community services	1,087,019	361	990,557	(96,101)
72	Debt service - interest	1,864,744	-	486,113	(1,378,631)
81	Facilities acquisition and construction	229,745	-	-	(229,745)
99	Other intergovernmental charges	668,482	-	-	(668,482)
TG	Total Governmental Activities	<u>\$ 134,279,718</u>	<u>\$ 881,288</u>	<u>\$ 41,491,421</u>	<u>(91,907,009)</u>
TP	Total Primary Government	<u>\$ 134,279,718</u>	<u>\$ 881,288</u>	<u>\$ 41,491,421</u>	<u>(91,907,009)</u>
	General Revenues				
MT	Property taxes, levied for general purposes				25,078,254
DT	Property taxes, levied for debt service				4,622,711
GC	Grants and contributions not restricted				
GC	for specific programs				64,571,484
IE	Investment earnings				2,336,239
MI	Miscellaneous local and intermediate revenue				1,147,495
	Special Items				
SI	Special items inflow				10,331
TR	Total General Revenues and Special Items				<u>97,766,514</u>
CN	Change in Net Position				5,859,505
NB	Beginning net position				29,713,417
NE	Ending Net Position				<u>\$ 35,572,922</u>

See Notes to Financial Statements.

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS - EXHIBIT C-1 June 30, 2023

Data Control Codes	10 General	50 Debt Service	ONMF Other Nonmajor Governmental	98 Total Governmental Funds	
<u>Assets</u>					
1110	Cash and cash equivalents	\$ 9,927,065	\$ 592,615	\$ 4,702,789	\$ 15,222,469
1120	Investments - current	34,062,115	-	4,069,244	38,131,359
1220	Taxes receivables	6,109,678	548,910	-	6,658,588
1230	Allowance for uncollectible taxes	(307,928)	(27,665)	-	(335,593)
1240	Due from other governments	5,918,754	135,693	5,459,948	11,514,395
1260	Due from other funds	3,709,582	-	1,723,952	5,433,534
1290	Other receivables	3,266,744	260,122	2,803	3,529,669
1300	Inventories	675,117	-	-	675,117
1410	Prepaid items	-	-	55,504	55,504
1000	Total Assets	<u>\$ 63,361,127</u>	<u>\$ 1,509,675</u>	<u>\$ 16,014,240</u>	<u>\$ 80,885,042</u>
<u>Liabilities</u>					
2110	Accounts payable	\$ 584,674	\$ -	\$ 2,172,236	\$ 2,756,910
2120	Other liabilities	28,599	-	14,130	42,729
2150	Payroll deductions payable	1,312,963	-	478,591	1,791,554
2160	Accrued wages payable	6,975,446	-	2,154,957	9,130,403
2170	Due to other funds	106,930	43,268	5,303,366	5,453,564
2300	Unearned revenue	3,881,777	147,598	49,082	4,078,457
2000	Total Liabilities	<u>12,890,389</u>	<u>190,866</u>	<u>10,172,362</u>	<u>23,253,617</u>
<u>Deferred Inflows of Resources</u>					
2600	Unavailable revenue - property taxes	9,064,853	781,367	-	9,846,220
<u>Fund Balances</u>					
Nonspendable:					
3410	Inventories	675,117	-	-	675,117
Restricted:					
3450	Federal or state funds grant restrictions	-	-	3,138,292	3,138,292
3470	Capital acquisitions	-	-	2,562,992	2,562,992
3480	Retirement of long-term debt	-	537,442	-	537,442
3490	Other restricted fund balance	-	-	140,594	140,594
Committed:					
3510	Construction	7,693,979	-	-	7,693,979
3530	Capital expenditures for equipment	1,921,834	-	-	1,921,834
3545	Other committed fund balance	3,114,363	-	-	3,114,363
3600	Unassigned	28,000,592	-	-	28,000,592
3000	Total Fund Balances	<u>41,405,885</u>	<u>537,442</u>	<u>5,841,878</u>	<u>47,785,205</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 63,361,127</u>	<u>\$ 1,509,675</u>	<u>\$ 16,014,240</u>	<u>\$ 80,885,042</u>

See Notes to Financial Statements.

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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, 2023

Total fund balances for governmental funds \$ 47,785,205

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	20,970,453	
Capital assets - depreciable/amortizable	86,220,152	
		107,190,605

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	9,846,220
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The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.	2,538,501
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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	657,359	
Deferred outflows - pensions	20,580,602	
Deferred outflows - OPEB	10,934,994	
Deferred inflows - pensions	(4,328,729)	
Deferred inflows - OPEB	(38,954,518)	
Net pension liability	(41,143,683)	
Net OPEB liability	(21,543,344)	
Accrued interest payable	(766,582)	
Noncurrent liabilities due in one year	(5,143,907)	
Noncurrent liabilities due in more than one year	(52,079,801)	
		(131,787,609)

Net Position of Governmental Activities	\$ 35,572,922
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See Notes to Financial Statements.

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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, 2023

Data Control Codes		10 <u>General</u>	50 <u>Debt Service</u>	ONMF Other <u>Nonmajor Governmental</u>	98 <u>Total Governmental Funds</u>
Revenues					
5700	Local, intermediate, and out-of-state	\$ 26,608,120	\$ 4,408,527	\$ 1,084,156	\$ 32,100,803
5800	State program revenues	69,146,664	486,113	708,295	70,341,072
5900	Federal program revenues	2,451,315	-	30,369,606	32,820,921
5020	Total Revenues	<u>98,206,099</u>	<u>4,894,640</u>	<u>32,162,057</u>	<u>135,262,796</u>
Expenditures					
Current:					
0011	Instruction	43,731,852	-	17,282,950	61,014,802
0012	Instructional resources and media services	1,525,117	-	75,692	1,600,809
0013	Curriculum and instructional staff development	1,633,544	-	1,457,357	3,090,901
0021	Instructional leadership	2,015,866	-	492,500	2,508,366
0023	School leadership	5,171,539	-	53,433	5,224,972
0031	Guidance, counseling, and evaluation services	4,527,171	-	910,051	5,437,222
0032	Social work services	311,836	-	-	311,836
0033	Health services	1,428,019	-	156,355	1,584,374
0034	Student (pupil) transportation	3,663,185	-	237,616	3,900,801
0035	Food services	99,066	-	7,289,356	7,388,422
0036	Extracurricular activities	3,270,487	-	40,272	3,310,759
0041	General administration	4,141,628	-	1,559,828	5,701,456
0051	Plant maintenance and operations	14,165,102	-	669,660	14,834,762
0052	Security and monitoring services	3,765,996	-	185,830	3,951,826
0053	Data processing services	2,944,185	-	-	2,944,185
0061	Community services	134,296	-	884,253	1,018,549
Debt service:					
0071	Principal	960,603	3,545,000	-	4,505,603
0072	Interest	667,440	1,549,593	-	2,217,033
Capital outlay:					
0081	Facilities acquisition and construction	3,168,472	-	8,096,623	11,265,095
Intergovernmental:					
0099	Other governmental charges	668,482	-	-	668,482
6030	Total Expenditures	<u>97,993,886</u>	<u>5,094,593</u>	<u>39,391,776</u>	<u>142,480,255</u>
1100	Excess (Deficiency) of Revenues				
1100	Over (Under) Expenditures	<u>212,213</u>	<u>(199,953)</u>	<u>(7,229,719)</u>	<u>(7,217,459)</u>
Other Financing Sources (Uses)					
7912	Sale of real and personal property	433,027	-	-	433,027
7913	Proceeds from right-to-use assets	65,533	-	-	65,533
7915	Transfers in	-	-	29,495	29,495
8911	Transfers (out)	(29,495)	-	-	(29,495)
7080	Total Other Financing Sources	<u>469,065</u>	<u>-</u>	<u>29,495</u>	<u>498,560</u>
Special Item					
8912	Special item (resources)	10,331	-	-	10,331
		<u>10,331</u>	<u>-</u>	<u>-</u>	<u>10,331</u>
1200	Net Change in Fund Balances	691,609	(199,953)	(7,200,224)	(6,708,568)
0100	Beginning fund balances	40,714,276	737,395	13,042,102	54,493,773
3000	Ending Fund Balances	<u>\$ 41,405,885</u>	<u>\$ 537,442</u>	<u>\$ 5,841,878</u>	<u>\$ 47,785,205</u>

See Notes to Financial Statements.

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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, 2023

Net change in fund balances - total governmental funds	\$	(6,708,568)
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/amortization expense.		
Depreciation/amortization		(4,710,553)
Capital outlay, net of disposals		11,801,322
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		1,002,699
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.		
Lease proceeds		(65,533)
Principal repayments on bonds		4,185,000
Principal repayments on notes payable		44,702
Principal repayments on leases		275,901
Loss on refunding		(161,065)
Amortization of premiums, net of additions		537,101
Accreted interest		(89,923)
Accrued interest		66,176
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		(30,881)
Change in net pension liability		(27,291,010)
Amortization of deferred outflows - pensions		24,577,703
Amortization of deferred inflows - pensions		817,179
Change in net OPEB liability		8,932,836
Amortization of deferred outflows - OPEB		5,563,093
Amortization of deferred inflows - OPEB		(10,554,054)
Net on-behalf contributions adjustment - revenues		7,476,092
Net on-behalf contributions adjustment - expenses		(7,476,092)
Some revenues/expenditures reported in governmental funds are not recognized as revenues/expenses in the Statement of Activities.		
Fund level on-behalf adjustment - revenues		(4,207,539)
Fund level on-behalf adjustment - expenditures		4,207,539
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.		
		(2,332,620)
Change in Net Position of Governmental Activities	\$	<u>5,859,505</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, 2023

Data Control Codes		Internal Service
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 4,001,198
1260	Due from other funds	20,030
1000		Total Assets 4,021,228
	<u>Liabilities</u>	
	Current liabilities:	
2120	Other liabilities	1,482,727
2000		Total Liabilities 1,482,727
	<u>Net Position</u>	
3900	Unrestricted net position	2,538,501
4000		Total Net Position \$ 2,538,501

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, 2023

Data Control Dates	Internal Service
<u>Operating Revenues</u>	
5700 Local and intermediate sources	\$ 12,105,477
5020	Total Operating Revenues
	12,105,477
<u>Operating Expenses</u>	
6200 Professional and contracted services	1,556,954
6400 Other operating costs	12,881,143
6030	Total Operating Expenses
	14,438,097
1200	Change in Net Position
	(2,332,620)
0100 Beginning net position	4,871,121
3000	Ending Net Position
	\$ 2,538,501

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, 2023*

	Internal Service
<u>Cash Flows from Operating Activities</u>	
Cash received from user charges	\$ 12,085,447
Cash payments for insurance claims	(12,335,476)
Cash payments for professional and contracted services	(1,556,954)
Net Cash (Used) by Operating Activities	\$ (1,806,983)
Net (Decrease) in Cash and Cash Equivalents	\$ (1,806,983)
Beginning cash and cash equivalents	5,808,181
Ending Cash and Cash Equivalents	\$ 4,001,198
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating (loss)	\$ (2,332,620)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Increase (Decrease) in:	
(Increase) decrease in due from other funds	(20,030)
Increase (decrease) in other liabilities	545,667
Net Cash (Used) by Operating Activities	\$ (1,806,983)

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, 2023

Data Control Codes		Custodial
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 36,714
1120	Investment - current	387,071
1000	Total Assets	423,785
	<u>Liabilities</u>	
	Current liabilities:	
2110	Accounts payable	5,184
2000	Total Liabilities	5,184
	<u>Net Position</u>	
3800	Restricted for individuals and organizations	418,601
3000	Total Net Position	\$ 418,601

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, 2023

	Custodial
<u>Additions</u>	
Donations	\$ 81,254
State revenue	298
Fundraising	452,077
Summer sports camp fees	16,054
Education foundation teaching grants	42,141
Total Additions	591,824
 <u>Deductions</u>	
Scholarships	42,133
Summer sports camp	11,608
Extracurricular charter booster	10,362
Extracurricular student activity	523,925
Total Deductions	588,028
Change in Net Position	3,796
 Beginning net position	414,805
Ending Net Position	\$ 418,601

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, 2023

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, 2023

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 not 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 special revenue funds are not considered major funds for reporting purposes.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

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 a custodian 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. This fund is used to account for the District's student activity fund.

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, 2023

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, 2023

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, 2023

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, 2023

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 is 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. 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 asset (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 the term of the lease.

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.
- 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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

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

10. Subscription-Based Information Technology Arrangements

The District has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The District would recognize a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the government-wide financial statements. The District’s SBITAs to report are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

11. 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.

12. 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.

13. Fund Balance Policies

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

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The District’s Board is the highest level of decision-making authority for the District that can, by

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

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 resolution) 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.

14. 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.

15. 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.

16. 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.

17. 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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

18. 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 GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB Statement No. 30, *Risk Financing Omnibus, an Amendment of GASB Statement No. 10*.

19. Indirect Expenses

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the national school breakfast and lunch 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, 2023, the District had the following investments:

<u>Investments</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
Commercial paper	\$ 5,297,651	0.28
U.S. agencies	7,497,000	1.26
Investment pools:		
Lone Star	5,813,674	0.07
TexPool	19,910,105	0.06
	<u>\$ 38,518,430</u>	
Portfolio weighted average maturity		0.33

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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

As of June 30, 2023, the District had the following fair value measurements:

Description	Amount	Significant Other Observable Inputs (Level 2)
Investments by Fair Value		
<u>U.S. Government Agency Bonds/Notes</u>		
Federal Home Loan Bank	\$ 4,997,000	\$ 4,997,000
Federal National Mortgage Association	2,500,000	2,500,000
Commercial paper	5,297,651	5,297,651
Total	\$ 12,794,651	\$ 12,794,651

U.S. Government agency bonds and notes and commercial paper 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, 2023, 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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

TexPool

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

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain 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, 2023

B. Capital Assets

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

Governmental Activities:	Beginning Balances	Increases	(Decreases)	Ending Balances
Capital assets not being depreciated:				
Land	\$ 4,859,983	\$ -	\$ -	\$ 4,859,983
Construction in progress	8,521,205	9,318,532	(1,729,267)	16,110,470
Total Capital Assets Not Being Depreciated	<u>13,381,188</u>	<u>9,318,532</u>	<u>(1,729,267)</u>	<u>20,970,453</u>
Other capital assets:				
Buildings and improvements	154,897,991	2,593,455	-	157,491,446
Vehicles, furniture, and equipment	21,435,360	1,553,069	(8,850)	22,979,579
Right-to-use assets	696,973	65,533	-	762,506
Total Other Capital Assets	<u>177,030,324</u>	<u>4,212,057</u>	<u>(8,850)</u>	<u>181,233,531</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(71,579,005)	(3,468,086)	-	(75,047,091)
Vehicles, furniture, and equipment	(18,471,306)	(973,491)	8,850	(19,435,947)
Right-to-use assets	(261,365)	(268,976)	-	(530,341)
Total Accumulated Depreciation/Amortization	<u>(90,311,676)</u>	<u>(4,710,553)</u>	<u>8,850</u>	<u>(95,013,379)</u>
Other capital assets, net	<u>86,718,648</u>	<u>(498,496)</u>	<u>-</u>	<u>86,220,152</u>
Governmental Activities Capital Assets, Net	<u>\$ 100,099,836</u>	<u>\$ 8,820,036</u>	<u>\$ (1,729,267)</u>	<u>107,190,605</u>
			Less associated debt	(56,553,622)
			Plus deferred charge on refunding	657,359
			Plus unspent bond proceeds	2,562,992
			Net Investment in Capital Assets	<u>\$ 53,857,334</u>

**SAN FELIPE DEL RIO CONSOLIDATED
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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

Depreciation/amortization was charged to governmental functions as follows:

	Governmental Activities
11 Instruction	\$ 2,814,125
12 Instructional resources and media services	32,180
21 Instructional leadership	20,694
23 School leadership	58,760
34 Student (pupil) transportation	189,193
35 Food services	143,586
36 Extracurricular activities	360,512
41 General administration	91,450
51 Plant maintenance and operations	132,574
52 Security and monitoring services	87,584
53 Data processing services	550,150
81 Facilities acquisition and construction	229,745
Total Depreciation/Amortization Expense	\$ 4,710,553

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

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, 2023. 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	5,645,000	-	(1,805,000)	3,840,000	1,890,000
Series 2015	4,800,000	-	(900,000)	3,900,000	930,000
Series 2016	7,055,000	-	(470,000)	6,585,000	490,000
Series 2017	4,480,000	-	(90,000)	4,390,000	95,000
Series 2020	16,255,000	-	(280,000)	15,975,000	290,000
Maintenance tax note:					
Series 2018	14,740,000	-	(640,000)	14,100,000	665,000
Note payable	44,702	-	(44,702)	-	-
Leases payable	437,417	65,533	(275,901)	227,049	180,829
	<u>53,797,112</u>	<u>65,533</u>	<u>(4,505,603)</u>	<u>49,357,042</u>	<u>* 4,540,829</u>
Other liabilities:					
Compensated absences	639,205	800,479	(769,598)	670,086	603,078
Unamortized premium	6,016,438	-	(537,101)	5,479,337	*
Accreted interest	1,627,320	89,923	-	1,717,243	*
Net pension liability	13,852,673	27,291,010	-	41,143,683	-
Net OPEB liability	30,476,180	-	(8,932,836)	21,543,344	-
Total Governmental Activities	<u>\$ 106,408,928</u>	<u>\$ 28,246,945</u>	<u>\$ (14,745,138)</u>	<u>\$ 119,910,735</u>	<u>\$ 5,143,907</u>
				<u>\$ 114,766,828</u>	
				<u>\$ 56,553,622</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, 2023

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

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
General Obligation Bonds		
Unlimited Tax Refunding Bonds		
Series 2007	3.55% - 4.20%	\$ 339,993
Series 2013	2.00% - 5.00%	3,840,000
Series 2015	3.00% - 4.00%	3,900,000
Series 2016	3.00% - 4.00%	6,585,000
Series 2017	2.00% - 4.00%	4,390,000
Series 2020	4.00% - 5.00%	15,975,000
Total General Obligation Bonds		<u>\$ 35,029,993</u>
Maintenance Tax Notes		
Series 2018	4.00% - 5.00%	\$ 14,100,000
Total Maintenance Tax Notes		<u>\$ 14,100,000</u>
Leases Payable		
Right-to-use assets	3.50%	\$ 227,049
Total Leases Payable		<u>\$ 227,049</u>

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

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
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	1,908,577	1,460,425	3,369,002
2029-2033	14,056,416	5,617,200	19,673,616
2034-2038	9,135,000	2,982,425	12,117,425
2039-2043	3,160,000	1,636,000	4,796,000
2044-2048	3,850,000	937,000	4,787,000
2049-2051	2,700,000	164,800	2,864,800
Total	<u>\$ 49,129,993</u>	<u>\$ 19,906,300</u>	<u>\$ 69,036,293</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2023

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

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2024	\$ 180,829	\$ 4,071	\$ 184,900
2025	12,634	1,416	14,050
2026	13,083	967	14,050
2027	13,549	502	14,051
2028	6,954	71	7,025
Total	<u>\$ 227,049</u>	<u>\$ 7,027</u>	<u>\$ 234,076</u>

The District has entered into various leases ranging from four to five year lease agreements as a lessee for the acquisition and use of copiers. During the current year the District entered into a new copier lease agreement with a initial lease liability of \$65,533. As of June 30, 2023 the value of the lease liabilities was \$227,049. The District is required to make monthly principal and interest payments of approximately \$24,489. The leases have an interest rate of 3.5%. The equipment has a four to five year estimated useful life. The value of the right-to-use lease assets as of the end of the current fiscal year was \$762,506 and had accumulated amortization of \$530,341.

Federal Arbitrage

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

D. 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	\$ 3,666,314
General fund	Debt service fund	43,268
Nonmajor governmental funds	Nonmajor governmental funds	1,637,052
Nonmajor governmental funds	General fund	86,900
Internal service fund	General fund	20,030
		<u>\$ 5,453,564</u>

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

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2023

Transfer In	Transfer Out	Amount
Nonmajor governmental funds	General fund	\$ 29,495

Amounts recorded as transfers are for reimbursements of non-grant related expenditures.

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to 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 Brown and Brown Lone Star Insurance and Amtrust Insurance Company. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage amounts 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 the Kempton Group Administrators, Inc to administer the Plan through December 2023. 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.

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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

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

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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

Contribution Rates			
Fiscal Year	State	Public Education Employer	Active Employee
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%

Note: SB12 of the 86th Texas Legislature establishes contributions rates through FY 2025. Additional rate changes will require Legislative action.

	Contribution Rates	
	2022	2023
Medicare	8.00%	8.00%
NECE (State)	7.75%	7.75%
Employers	7.75%	7.75%

	Measurement Year (2022)	Fiscal Year (2023)
	District contributions	\$ 3,233,904
Member contributions	\$ 5,481,521	\$ 5,858,139
NECE on-behalf contributions	\$ 3,080,920	\$ 3,133,062

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.
- 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 noneducational, 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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

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 1.7% of the member's salary beginning in fiscal year 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2021 rolled forward to August 31, 2022
Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected investment rate of return	7.00%
Municipal bond rate as of August 2020	3.91%. 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	2.95% to 8.95%, 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 August 31, 2021. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 14, 2021.

Discount Rate

A single discount rate of 7.00% was used to measure the TPL. The single discount rate was based on the expected rate of return on plan investments of 7.00%. 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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

The long-term expected rate of return on TRS investments is 7.00%. 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.

Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2022 are summarized below:

Teacher Retirement System of Texas Asset Allocation and Long-Term Expected Real Rate of Return As of August 31, 2022

Asset Class	Target Allocation (1)	Long-Term Expected Arithmetic Real Rate of Return (2)	Long-Term Expected Geometric Real Rate of Return
Global Equity			
U.S.	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity*	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources, and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity			
Risk Parity	8.00%	4.60%	0.43%
Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag(3)			-0.91%
Total	<u>100.00%</u>	<u>54.70%</u>	<u>8.21%</u>

*Absolute Return includes Credit Sensitive Investments

(1) Target allocations are based on the FY2022 policy model.

(2) Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022).

(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, 2023

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability (NPL) of TRS using the discount rate of 7.00% and what the NPL would be if it was calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current year rate:

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	\$ 64,003,971	\$ 41,143,683	\$ 22,614,347

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

At June 30, 2023, the District reported a liability of \$41,143,683 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	\$ 41,143,683
State's proportionate share that is associated with the District	39,197,319
Total	\$ 80,341,002

The NPL was measured as of August 31, 2021 and rolled forward to August 31, 2022 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, 2021 through August 31, 2022.

At June 30, 2023, the District's proportion of the collective NPL was 0.0693035%, which was an increase of 0.0149077% from its proportion at June 30, 2022.

Changes Since the Prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year's NPL. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25% to 7.00%.

For the year ended June 30, 2023, the District recognized pension expense of \$3,746,819 and revenue of \$3,746,819 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, 2023

At June 30, 2023, 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	\$ 596,580	\$ 897,010
Changes in actuarial assumptions	7,666,407	1,910,683
Difference between projected and actual investment earnings	4,064,864	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,352,173	1,521,036
Contributions paid to TRS subsequent to the measurement date	2,900,578	-
Total	\$ 20,580,602	\$ 4,328,729

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

Fiscal Year Ended June 30	Pension Expense
2024	\$ 3,198,080
2025	2,034,869
2026	1,139,526
2027	5,602,339
2028	1,376,481
Total	\$ 13,351,295

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, 2023

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, 2022 are as follows:

Total OPEB liability		\$ 27,061,942,520
Less: plan fiduciary net position		(3,117,937,218)
Net OPEB Liability		\$ 23,944,005,302
Net position as a percentage of total OPEB liability		11.52%

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 or charter school.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

The actual employer contribution rate is prescribed by the Legislature in the GAA. The following table shows contributions to TRS-Care by type of contributor:

Contribution Rates		
	2022	2023
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 (2022)	Fiscal Year (2023)
District contributions	\$ 738,992	\$ 712,598
Member contributions	\$ 236,927	\$ 237,987
NECE on-behalf contributions	\$ 901,454	\$ 915,334

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 \$83 million in fiscal year 2022 from the Federal Rescue Plan Act to help defray COVID-19-related health care costs during fiscal year 2022.

Actuarial Assumptions

The actuarial valuation was preformed as of August 31, 2021. Update procedures were used to roll forward the total OPEB liability to August 31, 2022.

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, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

- | | |
|-------------------------|------------------------|
| 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, 2023

Additional actuarial methods and assumptions are as follows:

Valuation date	August 31, 2021 rolled forward to August 31, 2022
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Discount rate	3.91% as of August 31, 2022
Aging factors	Based on plan-specific experience
Election rates	Normal retirement: 62% participation prior to age 65 and 25% participation after age 65. 30% 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: 8.25% (Medicare retirees) and 7.25% (non-Medicare retirees) Prescription drug trend rate: 8.25%

Discount Rate

A single discount rate of 3.91% was used to measure the total OPEB liability. There was an increase of 1.96% 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, 2022 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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 point lower than and 1 percentage point higher than the discount rate that was used (3.91%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of net OPEB liability	\$ 25,401,312	\$ 21,543,344	\$ 18,417,896

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

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	\$ 17,751,813	\$ 21,543,344	\$ 26,458,577

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

At June 30, 2023, the District reported a liability of \$21,543,344 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	\$ 21,543,344
State's proportionate share that is associated with the District	26,279,496
Total	\$ 47,822,840

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

At June 30, 2023, the employer's proportion of the collective net OPEB liability was 0.0899739%, compared to 0.0790061% as of June 30, 2022.

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 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased 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, 2023

At June 30, 2023, 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	\$ 1,197,734	\$ 17,947,540
Changes in actuarial assumptions	3,281,478	14,967,034
Differences between projected and actual investment earnings	64,171	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	5,810,469	6,039,944
Contributions paid to TRS subsequent to the measurement date	581,142	-
Total	\$ 10,934,994	\$ 38,954,518

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
2024	\$ (5,726,958)
2025	(5,726,726)
2026	(4,813,151)
2027	(3,576,323)
2028	(3,347,140)
Thereafter	(5,410,368)
	\$ (28,600,666)

For the year ended June 30, 2023, the District recognized OPEB expense of \$3,729,273 and revenue of \$3,729,273 for support provided by the State.

Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for 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 June 30, 2023, 2022, and 2021, the subsidy payments received by TRS-Care on behalf of the District were \$397,928, \$283,470, and \$284,988, respectively.

E. Employee Health Care Coverage

During the year ended June 30, 2023, the District contributed \$544 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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023

for any one individual to \$600,000 and a \$1,000,000 maximum annual aggregate stop-loss coverage. Claims payable, including an estimate for claims incurred but not reported, at June 30, 2023 are \$1,482,727. The Plan is funded to discharge liabilities for the Fund as they become due.

F. Shared Service Arrangements

The District participates in a shared service arrangement for American Rescue Plan Homeless II funding year 2022-2023 with 34 other school districts. Although 32.80% of the activity of the shared service arrangement is attributed to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in their financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Education Service Center Region 15, nor does the District have a net equity interest in the exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared service arrangement. Revenues and expenditures attributed to the District's participation were \$32,736.

The District participates in a shared service arrangement for Texas Education for Homeless Children and Youth funding year 2022-2023 with three other school districts. Although 47.51% of the activity of the shared service arrangement is attributed to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in their financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Education Service Center Region 15, nor does the District have a net equity interest in the exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared service arrangement. Revenues and expenditures attributed to the District's participation were \$24,150.

G. 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. In the prior fiscal years the District recovered \$1,831,096, and during the current year the District recovered an additional \$10,331 for a total recovery of \$1,841,427.

H. Prior Period Adjustment

Beginning fund balance and net position were restated to recognize foundation revenue in the correct reporting period.

	General Fund	Governmental Activities
Beginning fund balance/net position - as reported	\$ 45,372,567	\$ 34,371,708
Accounts receivable	(1,385,348)	(1,385,348)
Unearned revenue	(3,272,943)	(3,272,943)
Beginning fund balance/net position - restated	\$ 40,714,276	\$ 29,713,417

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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, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ 23,779,904	\$ 26,396,729	\$ 26,608,120	\$ 211,391
5800	State program revenues	69,941,616	65,941,616	69,146,664	3,205,048
5900	Federal program revenues	1,393,000	3,708,500	2,451,315	(1,257,185)
5020	Total Revenues	<u>95,114,520</u>	<u>96,046,845</u>	<u>98,206,099</u>	<u>2,159,254</u>
Expenditures					
Current					
0011	Instruction	55,394,088	45,178,515	43,731,852	1,446,663
0012	Instructional resources and media services	1,822,050	1,601,619	1,525,117	76,502
0013	Curriculum/instructional staff development	1,605,393	1,642,947	1,633,544	9,403
0021	Instructional leadership	1,796,630	2,117,009	2,015,866	101,143
0023	School leadership	5,396,985	5,336,633	5,171,539	165,094
0031	Guidance, counseling, and evaluation services	4,836,982	4,869,883	4,527,171	342,712
0032	Social work services	293,965	389,893	311,836	78,057
0033	Health services	1,463,463	1,469,935	1,428,019	41,916
0034	Student (pupil) transportation	3,288,475	5,192,664	3,663,185	1,529,479
0035	Food services	31,046	172,433	99,066	73,367
0036	Extracurricular activities	3,509,258	3,628,681	3,270,487	358,194
0041	General administration	4,009,823	4,261,075	4,141,628	119,447
0051	Plant maintenance and operations	11,306,841	18,809,383	14,165,102	4,644,281
0052	Security and monitoring services	2,423,045	4,183,339	3,765,996	417,343
0053	Data processing services	3,033,237	3,152,091	2,944,185	207,906
0061	Community services	161,843	165,282	134,296	30,986
Debt service:					
0071	Principal	960,603	960,603	960,603	-
0072	Interest	558,231	1,023,000	667,440	355,560
Capital outlay:					
0081	Facilities acquisition and construction	70,000	7,511,415	3,168,472	4,342,943
Intergovernmental:					
0099	Other governmental charges	542,835	718,482	668,482	50,000
6030	Total Expenditures	<u>102,504,793</u>	<u>112,384,882</u>	<u>97,993,886</u>	<u>14,390,996</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,390,273)</u>	<u>(16,338,037)</u>	<u>212,213</u>	<u>16,550,250</u>
Other Financing Sources (Uses)					
7912	Sale of real and personal property	-	465,000	433,027	(31,973)
7913	Proceeds from right-to-use assets	-	-	65,533	65,533
8911	Transfers (out)	-	-	(29,495)	(29,495)
7080	Total Other Financing Sources	<u>-</u>	<u>465,000</u>	<u>469,065</u>	<u>4,065</u>
Special Item					
8912	Special item (resources)	-	-	10,331	10,331
1200	Net Change in Fund Balance	<u>(7,390,273)</u>	<u>(15,873,037)</u>	<u>691,609</u>	<u>16,564,646</u>
0100	Beginning fund balance	40,714,276	40,714,276	40,714,276	-
3000	Ending Fund Balance	<u>\$ 33,324,003</u>	<u>\$ 24,841,239</u>	<u>\$ 41,405,885</u>	<u>\$ 16,564,646</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 Years Ended as Indicated

	Measurement Year*			
	2022	2021	2020	2019
District's proportion of the net pension liability (asset)	0.0693035%	0.0543958%	0.0566277%	0.0589495%
District's proportionate share of the net pension (asset)	\$ 41,143,683	\$ 13,852,673	\$ 30,328,636	\$ 30,643,770
State's proportionate share of the net pension liability (asset) associated with the District	39,197,319	20,740,875	46,474,391	42,673,474
Total	<u>\$ 80,341,002</u>	<u>\$ 34,593,548</u>	<u>\$ 76,803,027</u>	<u>\$ 73,317,244</u>
District's covered payroll**	\$ 68,519,006	\$ 64,536,271	\$ 66,446,100	\$ 60,882,047
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	60.05%	21.46%	45.64%	50.33%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%

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

** As of the measurement date.

Notes to Required Supplementary Information:

1. *Changes in Assumptions:* The discount rate changed from 7.25% as of August 31, 2021 to 7.00% as of August 31, 2022.

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

Measurement Year*				
2018	2017	2016	2015	2014
0.0600850%	0.0606732%	0.0623701%	0.0645439%	0.0428135%
\$ 33,072,215	\$ 19,400,017	\$ 23,568,734	\$ 22,815,410	\$ 11,436,077
46,682,985	28,746,378	35,021,451	32,665,742	29,038,237
<u>\$ 79,755,200</u>	<u>\$ 48,146,395</u>	<u>\$ 58,590,185</u>	<u>\$ 55,481,152</u>	<u>\$ 40,474,314</u>
\$ 59,999,224	\$ 59,508,901	\$ 59,432,234	\$ 56,506,425	\$ 55,211,617
55.12%	32.60%	39.66%	40.38%	20.71%
73.74%	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 Years Ended as Indicated

	<u>Fiscal Year*</u>		<u>Ten</u>	<u>Fiscal Year*</u>
	<u>2023</u>	<u>2022</u>	<u>Months**</u>	<u>2020</u>
Contractually required contribution	\$ 3,476,515	\$ 3,097,341	\$ 1,916,884	\$ 2,338,148
Contributions in relation to the contractually required contribution	3,476,515	3,097,341	1,916,884	2,338,148
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 73,226,739	\$ 67,724,236	\$ 53,001,652	\$ 66,446,100
Contributions as a percentage of covered payroll	4.75%	4.57%	3.62%	3.52%

* Only nine 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*				
2019	2018	2017	2016	2015
\$ 2,063,331	\$ 2,010,730	\$ 1,988,526	\$ 1,979,560	\$ 1,911,172
2,063,331	2,010,730	1,988,526	1,979,560	1,911,172
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 60,882,047	\$ 59,999,224	\$ 59,508,901	\$ 59,432,234	\$ 56,506,425
3.39%	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

	Measurement Year*			
	2022	2021	2020	2019
District's proportion of the collective net OPEB liability (asset)	0.0899739%	0.0790061%	0.0836492%	0.0857678%
District's proportionate share of the collective net OPEB liability (asset)	\$ 21,543,344	\$ 30,476,180	\$ 31,798,820	\$ 40,560,646
State's proportionate share of the collective net OPEB liability (asset) associated with the District	26,279,496	40,831,289	42,729,992	53,896,025
Total	<u>\$ 47,822,840</u>	<u>\$ 71,307,469</u>	<u>\$ 74,528,812</u>	<u>\$ 94,456,671</u>
District's covered payroll**	\$ 68,519,006	\$ 64,536,271	\$ 66,446,100	\$ 60,882,047
District's proportionate share of the net OPEB liability (asset) as a percentage of covered payroll	31.44%	47.22%	47.86%	66.62%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%	2.66%

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

** As of measurement date.

Notes to Required Supplementary Information:

1. *Changes in Assumptions:*

The discount rate was changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the total OPEB liability.

2. *Changes in Benefits:*

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

Measurement Year*	
2018	2017
0.0867435%	0.0960894%
\$ 43,311,812	\$ 41,785,687
47,391,624	43,290,532
<u>\$ 90,703,436</u>	<u>\$ 85,076,219</u>
\$ 59,999,224	\$ 59,508,901
72.19%	70.22%
1.57%	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 Years as Indicated

	<u>Fiscal Year*</u>		<u>Ten Months**</u>	<u>Fiscal Year*</u>
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contributions	\$ 712,598	\$ 763,929	\$ 510,229	\$ 645,285
Contributions in relation to the statutorily required contributions	712,598	763,929	510,229	645,285
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 73,226,739	\$ 67,724,236	\$ 53,001,652	\$ 66,446,100
Contributions as a percentage of covered payroll	0.97%	1.13%	0.96%	0.97%

* Only six 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*	
2019	2018
\$ 606,307	\$ 594,838
606,307	594,838
\$ -	\$ -
\$ 60,882,047	\$ 59,999,224
1.00%	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, 2023

Data Control Codes		Special Revenue Funds			
		205	211	212	224
		Head Start	Title I Part A Improving Basic Prog	ESEA Title I, Pt. C Migrant	IDEA-B Formula
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - current	-	-	-	-
1240	Due from other governments	508,747	843,904	14,863	408,486
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1410	Prepaid items	27,446	2,591	927	-
1000	Total Assets	\$ 536,193	\$ 846,495	\$ 15,790	\$ 408,486
<u>Liabilities</u>					
2110	Accounts payable	\$ 446	\$ 40,331	\$ 182	\$ -
2120	Other liabilities	1,384	1,004	-	1,014
2150	Payroll deductions payable	50,504	87,464	-	39,228
2160	Accrued wages payable	226,379	298,635	243	188,331
2170	Due to other funds	257,480	419,061	15,365	179,913
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	536,193	846,495	15,790	408,486
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state fund grant restrictions	-	-	-	-
3470	Capital acquisitions and contracts	-	-	-	-
3490	Other restrictions of fund balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 536,193	\$ 846,495	\$ 15,790	\$ 408,486

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
\$ 842	\$ 3,711,623	\$ 431,378	\$ -	\$ -	\$ -
-	-	-	-	-	-
4,813	-	114,891	53,817	103,776	17,423
25	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	13,725	-
<u>\$ 5,680</u>	<u>\$ 3,711,623</u>	<u>\$ 546,269</u>	<u>\$ 53,817</u>	<u>\$ 117,501</u>	<u>\$ 17,423</u>
\$ -	\$ 307,647	\$ 178	\$ -	\$ 84	\$ -
15	6,849	-	20	156	33
1,216	108,781	-	726	5,589	1,576
4,449	314,196	-	6,142	45,766	9,632
-	532,360	44,973	46,929	65,906	6,182
-	-	-	-	-	-
<u>5,680</u>	<u>1,269,833</u>	<u>45,151</u>	<u>53,817</u>	<u>117,501</u>	<u>17,423</u>
-	2,441,790	501,118	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>2,441,790</u>	<u>501,118</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,680</u>	<u>\$ 3,711,623</u>	<u>\$ 546,269</u>	<u>\$ 53,817</u>	<u>\$ 117,501</u>	<u>\$ 17,423</u>

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

COMBINING BALANCE SHEET

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

June 30, 2023

Data Control Codes		Special Revenue Funds			
		270	272	279	281
		Title V, Part B Rural & Low Income School	Medicaid Admin. Claim MAC	TCLAS ESSER III	ESSER II
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ 107,965	\$ -	\$ -
1120	Investments - current	-	-	-	-
1240	Due from other governments	60,616	-	33,870	214,390
1260	Due from other funds	-	-	-	1,637,052
1290	Other receivables	-	-	-	-
1410	Prepaid items	6,571	-	-	-
1000	Total Assets	\$ 67,187	\$ 107,965	\$ 33,870	\$ 1,851,442
<u>Liabilities</u>					
2110	Accounts payable	\$ 2,718	\$ -	\$ 4,601	\$ -
2120	Other liabilities	-	-	-	2,886
2150	Payroll deductions payable	-	-	-	122,421
2160	Accrued wages payable	152	-	-	833,539
2170	Due to other funds	64,317	-	29,269	892,596
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	67,187	-	33,870	1,851,442
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state fund grant restrictions	-	107,965	-	-
3470	Capital acquisitions and contracts	-	-	-	-
3490	Other restrictions of fund balance	-	-	-	-
3000	Total Fund Balances	-	107,965	-	-
4000	Total Liabilities and Fund Balances	\$ 67,187	\$ 107,965	\$ 33,870	\$ 1,851,442

Special Revenue Funds

282	284	285	289	386	397
ESSER III	IDEA-B Formula ARP	IDEA-B Preschool ARP	Miscellaneous Federal Grants	Regional Day School for the Deaf	Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,681
-	-	-	-	-	-
2,568,398	202,319	4,085	83,665	10,102	-
-	-	-	-	16,361	-
-	-	-	-	-	-
-	-	-	4,244	-	-
<u>\$ 2,568,398</u>	<u>\$ 202,319</u>	<u>\$ 4,085</u>	<u>\$ 87,909</u>	<u>\$ 26,463</u>	<u>\$ 1,681</u>
\$ 1,058	\$ 35,405	\$ -	\$ 89	\$ -	\$ -
697	-	-	-	23	-
58,082	-	-	-	862	-
205,551	-	-	3	7,071	-
2,303,010	166,914	4,085	43,730	18,507	-
-	-	-	42,182	-	-
<u>2,568,398</u>	<u>202,319</u>	<u>4,085</u>	<u>86,004</u>	<u>26,463</u>	<u>-</u>
-	-	-	1,905	-	1,681
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,905</u>	<u>-</u>	<u>1,681</u>
<u>\$ 2,568,398</u>	<u>\$ 202,319</u>	<u>\$ 4,085</u>	<u>\$ 87,909</u>	<u>\$ 26,463</u>	<u>\$ 1,681</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 3 of 3)
June 30, 2023

Data Control Codes		Special Revenue Funds			
		410	429	461	487
		State Textbook	Miscellaneous State Special Revenue Program	Campus Activity	Healthy Futures of Texas
<u>Assets</u>					
1110	Cash and cash equivalents	\$ 19,672	\$ -	\$ 140,594	\$ 15,789
1120	Investments - current	-	-	-	-
1240	Due from other governments	-	211,783	-	-
1260	Due from other funds	-	70,514	-	-
1290	Other receivables	-	-	-	2,803
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 19,672</u>	<u>\$ 282,297</u>	<u>\$ 140,594</u>	<u>\$ 18,592</u>
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2120	Other liabilities	-	49	-	-
2150	Payroll deductions payable	-	2,142	-	-
2160	Accrued wages payable	-	14,868	-	-
2170	Due to other funds	-	212,769	-	-
2300	Unearned revenue	6,900	-	-	-
2000	Total Liabilities	<u>6,900</u>	<u>229,828</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state fund grant restrictions	12,772	52,469	-	18,592
3470	Capital acquisitions and contracts	-	-	-	-
3490	Other restrictions of fund balance	-	-	140,594	-
3000	Total Fund Balances	<u>12,772</u>	<u>52,469</u>	<u>140,594</u>	<u>18,592</u>
4000	Total Liabilities and Fund Balances	<u>\$ 19,672</u>	<u>\$ 282,297</u>	<u>\$ 140,594</u>	<u>\$ 18,592</u>

Capital Project Fund 699		Total Nonmajor Governmental Funds	
Capital Projects			
\$ 273,245	\$ 4,702,789		
4,069,244	4,069,244		
-	5,459,948		
-	1,723,952		
-	2,803		
-	55,504		
<u>\$ 4,342,489</u>	<u>\$ 16,014,240</u>		
\$ 1,779,497	\$ 2,172,236		
-	14,130		
-	478,591		
-	2,154,957		
-	5,303,366		
-	49,082		
<u>1,779,497</u>	<u>10,172,362</u>		
-	3,138,292		
2,562,992	2,562,992		
-	140,594		
<u>2,562,992</u>	<u>5,841,878</u>		
<u>\$ 4,342,489</u>	<u>\$ 16,014,240</u>		

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES*
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 1 of 3)
For the Year Ended June 30, 2023

Data Control Codes		Special Revenue Funds			
		205	211 Title I Part A	212 ESEA Title I, Pt. C	224 IDEA-B Formula
		Head Start	Improving Basic Prog	Title I, Pt. C Migrant	IDEA-B Formula
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	2,524,528	3,746,395	198,527	2,026,168
5020	Total Revenues	<u>2,524,528</u>	<u>3,746,395</u>	<u>198,527</u>	<u>2,026,168</u>
Expenditures					
Current:					
0011	Instruction	1,723,046	2,704,912	27,914	1,471,561
0012	Instructional resources and media services	28,597	529	-	-
0013	Curriculum/instructional staff development	17,837	156,494	-	-
0021	Instructional leadership	114,588	98,332	94,201	136,021
0023	School leadership	-	13,197	-	-
0031	Guidance, counseling, and evaluation services	73,281	47,741	-	418,586
0033	Health services	97,753	10,989	1,125	-
0034	Student transportation	113,912	40,015	4,220	-
0035	Food service	19,940	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	176,985	22,609	3,573	-
0052	Security and monitoring services	-	455	-	-
0061	Community services	158,589	651,122	67,494	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>2,524,528</u>	<u>3,746,395</u>	<u>198,527</u>	<u>2,026,168</u>
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
1200	Net Change in Fund Balances	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds

225	240	242	244	255	263
IDEA-B Preschool	National School Breakfast and Lunch Program	Summer Feeding Program	Career and Technical Basic	ESEA Title II Part A Training	Title III Part A ELA
\$ -	\$ 657,967	\$ 149	\$ -	\$ -	\$ -
-	63,111	-	-	-	-
52,414	7,017,537	131,260	157,777	433,272	216,638
<u>52,414</u>	<u>7,738,615</u>	<u>131,409</u>	<u>157,777</u>	<u>433,272</u>	<u>216,638</u>
52,414	-	-	68,059	5,697	-
-	-	-	-	-	-
-	-	-	-	412,004	215,311
-	-	-	-	15,571	1,327
-	-	-	-	-	-
-	-	-	89,718	-	-
-	-	-	-	-	-
-	7,142,547	119,869	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,846	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>52,414</u>	<u>7,145,393</u>	<u>119,869</u>	<u>157,777</u>	<u>433,272</u>	<u>216,638</u>
-	-	-	-	-	-
-	593,222	11,540	-	-	-
-	1,848,568	489,578	-	-	-
<u>\$ -</u>	<u>\$ 2,441,790</u>	<u>\$ 501,118</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, 2023

Data Control Codes		Special Revenue Funds			
		270	272	279	281
		Title V, Part B Rural & Low Income School	Medicaid Admin. Claim MAC	TCLAS ESSER III	ESSER II
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	226,555	43,342	140,796	7,170,778
5020	Total Revenues	<u>226,555</u>	<u>43,342</u>	<u>140,796</u>	<u>7,170,778</u>
Expenditures					
Current:					
0011	Instruction	104,438	-	19,816	5,145,271
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum/instructional staff development	114,317	-	120,980	153,517
0021	Instructional leadership	1,770	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-
0033	Health services	-	20,665	-	-
0034	Student transportation	-	-	-	66,159
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	1,454,029
0051	Plant maintenance and operations	-	-	-	351,802
0052	Security and monitoring services	-	-	-	-
0061	Community services	6,030	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>226,555</u>	<u>20,665</u>	<u>140,796</u>	<u>7,170,778</u>
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
1200	Net Change in Fund Balances	-	22,677	-	-
0100	Beginning fund balances	-	85,288	-	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ 107,965</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds

282	284	285	289	386	397
ESSER III	IDEA-B Formula ARP	IDEA-B Preschool ARP	Miscellaneous Federal Grants	Regional Day School for the Deaf	Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	35,698	-
5,569,534	356,288	3,900	353,897	-	-
<u>5,569,534</u>	<u>356,288</u>	<u>3,900</u>	<u>353,897</u>	<u>35,698</u>	<u>-</u>
5,196,749	174,794	3,900	267,625	35,698	-
445	-	-	-	-	-
157,973	-	-	26,349	-	-
15,715	-	-	14,827	-	-
31,752	-	-	-	-	-
31,806	181,494	-	-	-	-
7,295	-	-	18,528	-	-
12,801	-	-	-	-	-
-	-	-	-	-	-
2,082	-	-	-	-	-
100,661	-	-	-	-	-
12,237	-	-	26,568	-	-
-	-	-	-	-	-
18	-	-	-	-	-
-	-	-	-	-	-
<u>5,569,534</u>	<u>356,288</u>	<u>3,900</u>	<u>353,897</u>	<u>35,698</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,905	-	1,681
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,905</u>	<u>\$ -</u>	<u>\$ 1,681</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 3 of 3)
For the Year Ended June 30, 2023

Data Control Codes		Special Revenue Funds			
		410	429	461	487
		State Textbook	Miscellaneous State Special Revenue Program	Campus Activity	Healthy Futures of Texas
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ 115,584	\$ -
5800	State program revenues	218,124	387,862	-	3,500
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	<u>218,124</u>	<u>387,862</u>	<u>115,584</u>	<u>3,500</u>
Expenditures					
Current:					
0011	Instruction	218,124	52,487	1,178	9,267
0012	Instructional resources and media services	2,405	-	43,716	-
0013	Curriculum/instructional staff development	-	82,575	-	-
0021	Instructional leadership	-	-	148	-
0023	School leadership	-	-	8,484	-
0031	Guidance, counseling, and evaluation services	-	67,425	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	509	-
0035	Food service	-	-	-	7,000
0036	Extracurricular activities	-	-	38,190	-
0041	General administration	-	-	5,138	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	185,375	-	-
0061	Community services	-	-	1,000	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>220,529</u>	<u>387,862</u>	<u>98,363</u>	<u>16,267</u>
Other Financing Sources					
7915	Transfers in	-	29,495	-	-
1200	Net Change in Fund Balances	(2,405)	29,495	17,221	(12,767)
0100	Beginning fund balances	15,177	22,974	123,373	31,359
3000	Ending Fund Balances	<u>\$ 12,772</u>	<u>\$ 52,469</u>	<u>\$ 140,594</u>	<u>\$ 18,592</u>

Capital Project Fund 699		Total Nonmajor Governmental Funds	
Capital Projects			
\$	310,456	\$	1,084,156
	-		708,295
	-		30,369,606
	<u>310,456</u>		<u>32,162,057</u>
	-		17,282,950
	-		75,692
	-		1,457,357
	-		492,500
	-		53,433
	-		910,051
	-		156,355
	-		237,616
	-		7,289,356
	-		40,272
	-		1,559,828
	73,040		669,660
	-		185,830
	-		884,253
	<u>8,096,623</u>		<u>8,096,623</u>
	<u>8,169,663</u>		<u>39,391,776</u>
	-		<u>29,495</u>
	(7,859,207)		(7,200,224)
	<u>10,422,199</u>		<u>13,042,102</u>
\$	<u><u>2,562,992</u></u>	\$	<u><u>5,841,878</u></u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Year Ended June 30, 2023

Last Ten Fiscal Years	1		2		3	
	Tax Rates				Net Assessed/ Appraised Value For School Tax Purposes	
	Maintenance		Debt Service		Various	
2014 and prior	Various		Various		Various	
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
2023	\$	0.9559	\$	0.1771	\$	2,618,595,427

1000 Totals

9000 Tax Increment

8000 Taxes Refunded

10	20	31	32	40	50
Beginning Balance 6/30/22	Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 6/30/23
\$ 811,354	\$ -	\$ 31,644	\$ 3,234	\$ (231,643)	\$ 544,833
118,357	-	8,243	1,014	11,307	120,407
151,439	-	15,416	1,783	7,005	141,245
195,215	-	25,260	2,910	11,672	178,717
257,227	-	45,940	5,292	9,382	215,377
370,965	-	79,511	-	6,550	298,004
1,059,566	-	94,093	-	17,824	983,297
1,190,936	-	87,603	5,030	37,428	1,135,731
1,872,222	-	590,533	38,019	(51,660)	1,192,010
-	28,929,396	22,846,541	4,233,888	-	1,848,967
<u>\$ 6,027,281</u>	<u>\$ 28,929,396</u>	<u>\$ 23,824,784</u>	<u>\$ 4,291,170</u>	<u>\$ (182,135)</u>	<u>\$ 6,658,588</u>
		<u>\$ -</u>			
		<u>\$ 21,755</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, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ 640,219	\$ 764,039	\$ 657,967	\$ (106,072)
5800	State program revenues	35,000	110,470	63,111	(47,359)
5900	Federal program revenues	6,387,046	7,119,429	7,017,537	(101,892)
5020	Total Revenues	<u>7,062,265</u>	<u>7,993,938</u>	<u>7,738,615</u>	<u>(255,323)</u>
Expenditures					
Current:					
0035	Food services	6,702,017	7,563,534	7,142,547	420,987
0051	Plant maintenance and operations	-	5,000	2,846	2,154
6030	Total Expenditures	<u>6,702,017</u>	<u>7,568,534</u>	<u>7,145,393</u>	<u>423,141</u>
1200	Net Change in Fund Balance	360,248	425,404	593,222	167,818
0100	Beginning fund balance	1,848,568	1,848,568	1,848,568	-
3000	Ending Fund Balance	<u>\$ 2,208,816</u>	<u>\$ 2,273,972</u>	<u>\$ 2,441,790</u>	<u>\$ 167,818</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, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local and intermediate sources	\$ 4,558,276	\$ 4,630,087	\$ 4,408,527	\$ (221,560)
5800	State program revenues	626,987	581,987	486,113	(95,874)
5020	Total Revenues	<u>5,185,263</u>	<u>5,212,074</u>	<u>4,894,640</u>	<u>(317,434)</u>
	Expenditures				
	Debt service:				
0071	Principal	3,545,000	3,545,000	3,545,000	-
0072	Interest	1,519,725	1,561,725	1,549,593	12,132
6030	Total Expenditures	<u>5,064,725</u>	<u>5,106,725</u>	<u>5,094,593</u>	<u>12,132</u>
1200	Net Change in Fund Balance	120,538	105,349	(199,953)	(305,302)
0100	Beginning fund balance	737,395	737,395	737,395	-
3000	Ending Fund Balance	<u>\$ 857,933</u>	<u>\$ 842,744</u>	<u>\$ 537,442</u>	<u>\$ (305,302)</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**

USE OF FUNDS REPORT

SELECT STATE ALLOTMENT PROGRAMS - EXHIBIT J-4

For the Year Ended June 30, 2023

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did the District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 11,316,741
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)	\$ 6,436,420
<u>Section B: Bilingual Education Programs</u>		
AP5	Did the District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 1,086,180
AP8	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 680,615

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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, 2023, 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 13, 2023.

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 or significant deficiencies 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.

*B*ELT *H*ARRIS *P*ECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
November 13, 2023



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, 2023. 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 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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.

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

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
November 13, 2023

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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, 2023

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, 2023

I. SUMMARY OF AUDITORS' 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

Type of audit report issued on compliance for each major program	Unmodified
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
Is a significant deficiency in internal controls over major programs disclosed?	No
Is a material weakness in internal control over major programs disclosed?	No
Did the audit disclose any audit findings that the auditor is required to report under Uniform Guidance 2 CFR §200.516 Audit Findings paragraph (a)?	No
What is the dollar threshold used to distinguish between Type A and Type B programs?	\$966,722
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
32.009	Emergency Connectivity Fund Program	0
84.010A	Title I	0
84.367A	Title II	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, 2023

(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	\$ 258,198
<i>Passed Through State Department of Education</i>			
ESEA Title I, Part A	84.010A	22610101233901	465,686
ESEA Title I, Part A	84.010A	23610101233901	3,120,569
Title I, 1003 ESF-Focused Support	84.010A	226101577110018	337,943
ESEA Title I, Part C	84.011A	22615001233901	37,015
ESEA Title I, Part C	84.011A	23615001233901	170,934
Title III, Part A	84.365A	22671001233901	354
Title III, Part A	84.365A	23671001233901	220,617
Career and Technical, Basic Grant	84.048A	22420006233901	4,976
Career and Technical, Basic Grant	84.048A	23420006233901	160,289
Title II, Part A, Teacher and Principal	84.367A	22694501233901	33,934
Title II, Part A, Teacher and Principal	84.367A	23694501233901	419,901
COVID-19, CRRSA ESSER II	84.425D	21521001233901	7,511,103
COVID-19, ARP ESSER III	84.425U	21528001233901	5,669,827
COVID-19, TCLAS ESSER III	84.425U	21528042233901	140,796
Title V, Part B, Subpart 2 - Rural and Low Income School	84.358B	22696001233901	65,507
Title V, Part B, Subpart 2 - Rural and Low Income School	84.358B	23696001233901	171,800
Summer School LEP	84.369A	69552102	5,755
Summer School LEP	84.369A	69552202	4,438
Title IV, Part A, Subpart 1	84.424A	22680101233901	130,417
Title IV, Part A, Subpart 1	84.424A	23680101233901	182,363
Special Education Cluster:			
IDEA B, Formula Grant*	84.027A	226600012339016000	164,631
IDEA B, Formula Grant*	84.027A	236600012339016000	1,957,699
COVID-19, IDEA B, Formula Grant - ARP Carryover*	84.027X	225350022339015000	373,198
IDEA B, Preschool*	84.173A	226610012339016000	1,837
IDEA B, Preschool*	84.173A	236610012339016000	53,064
COVID-19, IDEA B, Preschool - ARP Carryover*	84.173X	225360022339015000	4,085
TOTAL U.S. DEPARTMENT OF EDUCATION			21,666,936

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, 2023

(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	\$ 43,342
<i>Passed Through State Department of Education</i>			
ELC Reopening Schools	93.323	39352201	45,096
<i>Direct Program</i>			
Head Start	93.600	06CH011187-03-00	173,139
Head Start	93.600	06CH011187-04-00	2,339,226
Head Start - Summer School	93.600	06HE000745-01-00	12,163
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,612,966
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through State Department of Agriculture</i>			
Child Nutrition Cluster:			
School Breakfast Program*	10.553	806780706	1,288,790
National School Lunch Program - Cash Assistance*	10.555	806780706	4,926,334
Summer Feeding Program*	10.553	806780706	35,851
Summer Feeding Program*	10.555	806780706	95,409
COVID-19, Supply Chain Assistance*	10.555	806780706	302,382
Child and Adult Care Food Program	10.558	806780706	42,062
COVID-19, State Pandemic Electronic Benefit Transfer			
Administrative Costs	10.649	806780706	5,950
Food Distribution Cluster:			
Commodity Supplemental Food Program	10.565	806780706	643,132
TOTAL U.S. DEPARTMENT OF AGRICULTURE			7,339,910
U.S. DEPARTMENT OF DEFENSE			
<i>Direct Program</i>			
ROTC	12.000	233-901	113,484
TOTAL U.S. DEPARTMENT OF DEFENSE			113,484
FEDERAL COMMUNICATIONS COMMISSION			
<i>Direct Program</i>			
Universal E-Rate	32.000	233-901	110,764
Emergency Connectivity Fund Program (ECF)	32.009	233-901	1,380,000
TOTAL FEDERAL COMMUNICATIONS COMMISSION			1,490,764
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 33,224,060

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

The accompanying notes are an integral part of this schedule.

Federal revenue per SEFA	\$ 33,224,060
SHARS	717,076
Unearned ECF revenue	(1,120,215)
C-2 Federal revenue	\$ 32,820,921

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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, 2023

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.

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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, 2023

<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>\$ 1,717,243</u>

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