

ANNUAL FINANCIAL REPORT

of

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

**For the Year Ended
August 31, 2020**

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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 August 31, 2020, at a meeting of the Board of Trustees of such school district on the 19th day of January, 2021.

Diana E. Gonzalez
Signature of Board Secretary

Raymond L. Mey
Signature of Board President

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

(attach list as necessary)

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Felipe Del Rio Consolidated Independent School District (the "District"), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2020, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2021 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 18, 2021

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

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2020

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 August 31, 2020. 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 August 31, 2020 was \$5,571,970.
- For the fiscal year ended August 31, 2020, the District's general fund reported a total fund balance of \$29,312,216, of which \$1,352,481 is nonspendable, \$2,991,738 is committed for construction-related purposes, and \$24,967,997 is unassigned.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds, the debt service fund, and the capital projects fund) reported combined ending fund balances of \$47,558,550.

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 agent for the benefit of others to whom the fiduciary resources belong. These statements include the student activity fund.

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

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2020

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

- Some funds are required by State law and other funds are mandated by bond agreements or bond covenants.
- 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 August 31, 2020

The District has the following kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* – The District maintains an internal service fund as a proprietary fund. Internal service funds account for services provided to other departments of the District on a cost-reimbursement basis. The District uses this fund to account for the health insurance fund. The District accumulates resources in the health insurance fund from all District funds. Normal expenses in the health insurance fund are expenses related to claims and administrative expenses.
- *Fiduciary funds* – The District serves as the trustee, or fiduciary, for certain funds such as the student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. 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 \$5,571,970 at August 31, 2020. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the fiscal year ended August 31, 2020. *Table 1* indicates the District's net position decreased \$6,698,352 in total from the prior year. The details of this decrease can be seen in *Table 2*. Current assets increased a significant amount compared to the prior year primarily due to an increase in investments from the issuance of new bonds for the construction of a new elementary school. Current liabilities decreased compared to the prior year due to less accounts payable for capital projects and an energy saving project. Long-term liabilities increased significantly compared to the prior year due to the issuance of new bonds for the construction of a new elementary school and a new capital lease for cyber security equipment. Deferred outflows of resources decreased while deferred inflows of resources increased related to the pension and other postemployment benefits plans compared to the prior year due to changes in actuarially determined amounts that are deferred.

The District experienced an increase in total revenue of \$5,595,254 or roughly five percent compared to the prior year. This increase was largely due to an increase in operating grants and contributions and grants and contributions not restricted for specific programs. Operating grants and contributions primarily increased compared to prior year due to new grants received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Grants and contributions not restricted for a specific program largely increased compared to prior year due to an increase in State foundation program revenue related to House Bill 3 (HB3). Expenses increased slightly by \$877,478, or less than one percent, compared to the prior year. Plant maintenance and operations decreased largely due to less expenses for the energy savings project in the current fiscal year. Instruction expenses increased significantly mainly due to an increase in depreciation and personnel costs. The increase in special items is due to fraudulent debt service payments that were due to a cyber scam.

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2020

Table 1
Net Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Total Change</u>
	<u>2020</u>	<u>2019</u>	<u>2020-2019</u>
Current assets	\$ 64,201,857	\$ 52,716,491	\$ 11,485,366
Capital assets	98,747,031	98,202,638	544,393
Total Assets	<u>162,948,888</u>	<u>150,919,129</u>	<u>12,029,759</u>
Deferred charge on refunding	1,140,551	1,301,616	(161,065)
Deferred outflows - pensions	13,974,314	16,760,268	(2,785,954)
Deferred outflows - OPEB	4,892,473	3,635,202	1,257,271
Total Deferred Outflows of Resources	<u>20,007,338</u>	<u>21,697,086</u>	<u>(1,689,748)</u>
Current liabilities	9,043,556	9,566,395	(522,839)
Long-term liabilities	139,921,434	129,534,633	10,386,801
Total Liabilities	<u>148,964,990</u>	<u>139,101,028</u>	<u>9,863,962</u>
Deferred inflows - pensions	5,842,188	2,421,229	3,420,959
Deferred inflows - OPEB	22,577,078	18,823,636	3,753,442
Total Deferred Inflows of Resources	<u>28,419,266</u>	<u>21,244,865</u>	<u>7,174,401</u>
Net Position:			
Net investment			
in capital assets	49,354,699	50,286,511	(931,812)
Restricted	804,201	1,131,967	(327,766)
Unrestricted	(44,586,930)	(39,148,156)	(5,438,774)
Total Net Position	<u>\$ 5,571,970</u>	<u>\$ 12,270,322</u>	<u>\$ (6,698,352)</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2020

Table 2
Changes in Net Position

	Governmental Activities		Total Change
	2020	2019	2020-2019
Revenues			
Program revenues:			
Charges for services	\$ 931,311	\$ 1,323,348	\$ (392,037)
Operating grants and contributions	27,802,509	24,722,940	3,079,569
General revenues:			
Property taxes	20,834,153	22,043,474	(1,209,321)
Grants and contributions not restricted for specific programs	69,355,968	65,353,330	4,002,638
Investment earnings	760,285	386,784	373,501
Other revenue	915,692	1,174,788	(259,096)
Total Revenue	<u>120,599,918</u>	<u>115,004,664</u>	<u>5,595,254</u>
Expenses			
Instruction	63,331,975	59,595,782	3,736,193
Instructional resources and media services	1,514,770	1,472,771	41,999
Curriculum/instructional staff development	3,126,906	3,050,466	76,440
Instructional leadership	2,197,450	2,008,500	188,950
School leadership	5,603,103	5,110,478	492,625
Guidance, counseling, and evaluation services	4,660,780	4,411,720	249,060
Social work services	291,947	252,851	39,096
Health services	1,359,228	1,155,434	203,794
Student (pupil) transportation	3,649,076	3,587,527	61,549
Food services	7,687,060	6,980,998	706,062
Extracurricular activities	3,427,690	3,890,528	(462,838)
General administration	4,207,171	2,705,181	1,501,990
Plant maintenance and operations	15,631,159	24,656,401	(9,025,242)
Security and monitoring services	2,162,340	1,532,908	629,432
Data processing services	2,650,024	2,400,892	249,132
Community services	1,109,324	1,017,926	91,398
Debt service - interest	1,833,279	1,787,390	45,889
Debt service - issuance costs and fees	235,525	12,500	223,025
Facilities acquisition and construction	96,140	261,306	(165,166)
Other intergovernmental charges	509,960	529,233	(19,273)
Special items	2,013,363	-	2,013,363
Total Expenses	<u>127,298,270</u>	<u>126,420,792</u>	<u>877,478</u>
Change in Net Position	<u>(6,698,352)</u>	<u>(11,416,128)</u>	<u>4,717,776</u>
Beginning net position	12,270,322	23,686,450	(11,416,128)
Ending Net Position	<u>\$ 5,571,970</u>	<u>\$ 12,270,322</u>	<u>\$ (6,698,352)</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2020

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending August 31, 2020, the District's governmental funds reported a combined fund balance of \$47,558,550. This compares to a combined fund balance of \$35,618,162 at August 31, 2019. The fund balance in the general fund decreased by \$1,844,574. Compared to the prior year, revenues increased by \$4,683,818 due largely to an increase in State foundation program revenues related to an increase in the weighted average daily attendance of the District and increased funding from HB3. Compared to the prior year, expenditures increased by \$4,546,285 due largely to an increase in personnel costs, principal payments, food and equipment purchases for school cafeterias, and an increase in school building repairs and construction projects. The decrease in fund balance can also be contributed to the increase in special item for fraudulent debt service payments that were made due to a cyber scam.

The debt service fund had a decrease in fund balance of \$937,543 due to principal and interest payments in excess of property tax revenue and prior year State funding that is owed back to the State.

The Elementary and Secondary School Emergency Relief (ESSER) fund is a new fund for a federal grant received through the CARES Act for the COVID-19 pandemic. The District received \$2,506,728 in federal funds for the ESSER grant in the current fiscal year.

The capital projects fund had an increase in fund balance of \$14,112,590 due to the issuance of Unlimited Tax School Building Bonds, Series 2020, for the construction of a new elementary school.

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 August 31, 2020, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. The general fund's budgeted revenues were more than actual revenues by \$3,663,405 as a result of less local and state funding than anticipated. Total general fund budgeted expenditures exceeded actual expenditures by \$6,395,839 with the largest positive variances in instruction and plant maintenance and operations.

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 fiscal year ended August 31, 2020, 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 August 31, 2020, the District had a total of \$179,561,915 invested in capital assets such as land, buildings, and District equipment. This total includes \$5,366,690 invested during the fiscal year ended August 31, 2020.

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 August 31, 2020

LONG-TERM DEBT

At year end, the District had \$58,934,993 in general obligation bonds and a maintenance tax note outstanding versus \$45,924,993 last year. The District paid \$3,510,000 in principal payments during the year. At year end, the District had \$464,362 in capital lease obligations outstanding.

During the fiscal year, the District issued \$16,520,000 of Unlimited Tax School Building Bonds, Series 2020, for the construction of a new elementary school.

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

COVID-19

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. The District suspended in-classroom learning for the remainder of the school year. While changes to operations caused a significant hardship, the overall impact to the financial operations for the 2019-2020 school year as a percentage of the overall budget was nominal. Areas impacted the most were teaching and learning, technology, and facilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's budgeted expenditures for the 2020-2021 school year total \$108,700,080 and the District's Board adopted a Maintenance and Operations tax rate of \$0.9927 and an Interest and Sinking rate of \$0.0570 for a combined rate of \$1.0497 per \$100 of valuation, which is a decrease of \$0.012030 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

August 31, 2020

<u>Data Control Codes</u>		<u>1 Governmental Activities</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 8,474,498
1120	Current investments	40,051,736
1220	Property taxes receivables	4,112,475
1230	Allowance for uncollectible taxes	(207,269)
1240	Due from other governments	6,743,467
1290	Other receivables (net)	3,674,469
1300	Inventories	981,561
1410	Prepaid items	370,920
		<hr/>
		64,201,857
	Capital assets:	
1510	Land	4,844,337
1520	Buildings and improvements, net	86,942,413
1530	Vehicles, furniture and equipment, net	4,119,844
1580	Construction in progress	2,840,437
		<hr/>
		98,747,031
1000	Total Assets	<hr/> 162,948,888 <hr/>
	<u>Deferred Outflows of Resources</u>	
1700	Deferred charge on refunding	1,140,551
1705	Deferred outflows - pensions	13,974,314
1710	Deferred outflows - OPEB	4,892,473
1700	Total Deferred Outflows of Resources	<hr/> 20,007,338 <hr/>
	<u>Liabilities</u>	
2110	Accounts payable	1,453,968
2120	Other liabilities	984,054
2140	Accrued interest payable	107,960
2150	Payroll deductions payable	228,104
2160	Accrued wages payable	2,352,494
2180	Due to other governments	3,530,680
2300	Unearned revenue	386,296
		<hr/>
		9,043,556
	Noncurrent liabilities:	
2501	Long-term liabilities due within one year	4,852,571
2502	Long-term liabilities due in more than one year	63,864,447
2540	Net pension liability	30,643,770
2545	Net OPEB liability	40,560,646
		<hr/>
		139,921,434
2000	Total Liabilities	<hr/> 148,964,990 <hr/>
	<u>Deferred Inflows of Resources</u>	
2605	Deferred inflows - pensions	5,842,188
2610	Deferred inflows - OPEB	22,577,078
	Total Deferred Inflows of Resources	<hr/> 28,419,266 <hr/>
	<u>Net Position</u>	
3200	Net investment in capital assets	49,354,699
	Restricted for:	
3820	Federal and state programs	689,697
3870	Campus activities	114,504
3900	Unrestricted	(44,586,930)
3000	Total Net Position	<hr/> \$ 5,571,970 <hr/>

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 August 31, 2020

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	\$ 63,331,975	\$ 222,441	\$ 14,063,036	\$ (49,046,498)
12	Instructional resources				
12	and media services	1,514,770	8,511	169,182	(1,337,077)
13	Curriculum/instructional				
13	staff development	3,126,906	8,463	1,498,848	(1,619,595)
21	Instructional leadership	2,197,450	6,738	722,083	(1,468,629)
23	School leadership	5,603,103	27,433	519,789	(5,055,881)
31	Guidance, counseling, and				
31	evaluation services	4,660,780	16,774	1,200,846	(3,443,160)
32	Social work services	291,947	1,396	15,866	(274,685)
33	Health services	1,359,228	5,505	245,165	(1,108,558)
34	Student (pupil) transportation	3,649,076	15,365	350,032	(3,283,679)
35	Food services	7,687,060	501,285	6,370,299	(815,476)
36	Extracurricular activities	3,427,690	16,176	182,263	(3,229,251)
41	General administration	4,207,171	17,176	275,452	(3,914,543)
51	Plant maintenance and operations	15,631,159	60,108	689,341	(14,881,710)
52	Security and monitoring services	2,162,340	9,451	393,715	(1,759,174)
53	Data processing services	2,650,024	14,004	166,942	(2,469,078)
61	Community services	1,109,324	485	939,650	(169,189)
72	Debt service - interest	1,833,279	-	-	(1,833,279)
73	Debt service - issuance costs and fees	235,525	-	-	(235,525)
81	Facilities acquisition and construction	96,140	-	-	(96,140)
99	Other intergovernmental charges	509,960	-	-	(509,960)
TG	Total Governmental Activities	<u>\$ 125,284,907</u>	<u>\$ 931,311</u>	<u>\$ 27,802,509</u>	<u>(96,551,087)</u>
TP	Total Primary Government	<u>\$ 125,284,907</u>	<u>\$ 931,311</u>	<u>\$ 27,802,509</u>	<u>(96,551,087)</u>
	General Revenues				
MT	Property taxes, levied for general purposes				20,834,153
GC	Grants and contributions not restricted				
GC	for specific programs				69,355,968
IE	Investment earnings				760,285
MI	Miscellaneous local and intermediate revenue				915,692
	Special Items:				
SI	Special items outflow				(2,013,363)
TR				Total General Revenues	<u>89,852,735</u>
CN				Change in Net Position	<u>(6,698,352)</u>
NB	Beginning net position				12,270,322
NE				Ending Net Position	<u>\$ 5,571,970</u>

See Notes to Financial Statements.

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

GOVERNMENTAL FUNDS - EXHIBIT C-1

August 31, 2020

Data Control Codes		10	50	60	
		General	Debt Service	ESSER	Capital Projects
Assets					
1110	Cash and cash equivalents	\$ 1,793,826	\$ 1,137	\$ -	\$ 2,111,341
1120	Investment - current	24,720,944	-	-	15,330,792
1220	Taxes receivables	3,889,695	222,780	-	-
1230	Allowance for uncollectible taxes	(196,041)	(11,228)	-	-
1240	Due from other governments	3,055,042	-	2,617,596	-
1260	Due from other funds	4,930,483	374,899	-	-
1290	Other receivables	2,691,408	104,278	-	-
1300	Inventories	981,561	-	-	-
1410	Prepaid items	370,920	-	-	-
1000	Total Assets	<u>\$ 42,237,838</u>	<u>\$ 691,866</u>	<u>\$ 2,617,596</u>	<u>\$ 17,442,133</u>
Liabilities					
2110	Accounts payable	\$ 924,172	\$ -	\$ -	\$ -
2120	Short-term debt payable - current	65,280	-	-	-
2150	Payroll deductions payable	228,104	-	-	-
2160	Accrued wages payable	2,241,149	-	-	-
2170	Due to other funds	377,190	-	2,617,596	-
2180	Due to other governments	3,154,644	376,036	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	<u>6,990,539</u>	<u>376,036</u>	<u>2,617,596</u>	<u>-</u>
Deferred Inflows of Resources					
2600	Unavailable revenue - property taxes	<u>5,935,083</u>	<u>315,830</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable:					
3410	Inventories	981,561	-	-	-
3430	Prepaid items	370,920	-	-	-
Restricted:					
3450	Federal or state funds grant restrictions	-	-	-	-
3470	Capital acquisitions	-	-	-	17,442,133
3490	Other restricted fund balance	-	-	-	-
Committed:					
3510	Construction	2,402,038	-	-	-
3530	Capital expenditures for equipment	365,300	-	-	-
3545	Other committed fund balance	224,400	-	-	-
3600	Unassigned	24,967,997	-	-	-
3000	Total Fund Balances	<u>29,312,216</u>	<u>-</u>	<u>-</u>	<u>17,442,133</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 42,237,838</u>	<u>\$ 691,866</u>	<u>\$ 2,617,596</u>	<u>\$ 17,442,133</u>

See Notes to Financial Statements.

Nonmajor Governmental Funds	98 Total Governmental Funds
\$ 2,159,323	\$ 6,065,627
-	40,051,736
-	4,112,475
-	(207,269)
1,070,829	6,743,467
2,291	5,307,673
878,783	3,674,469
-	981,561
-	370,920
<u>\$ 4,111,226</u>	<u>\$ 67,100,659</u>
\$ 496,497	\$ 1,420,669
-	65,280
-	228,104
111,345	2,352,494
2,312,887	5,307,673
-	3,530,680
<u>386,296</u>	<u>386,296</u>
<u>3,307,025</u>	<u>13,291,196</u>
<u>-</u>	<u>6,250,913</u>
-	981,561
-	370,920
689,697	689,697
-	17,442,133
114,504	114,504
-	2,402,038
-	365,300
-	224,400
-	24,967,997
<u>804,201</u>	<u>47,558,550</u>
<u>\$ 4,111,226</u>	<u>\$ 67,100,659</u>

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R*
August 31, 2020

Total fund balances for governmental funds \$ 47,558,550

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

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

Capital assets - nondepreciable	7,684,774	
Capital assets - depreciable	91,062,257	
	98,747,031	98,747,031

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

6,250,913

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

1,456,798

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

Deferred charge on refunding	1,140,551	
Deferred outflows - pensions	13,974,314	
Deferred outflows - OPEB	4,892,473	
Deferred inflows - pensions	(5,842,188)	
Deferred inflows - OPEB	(22,577,078)	
Net pension liability	(30,643,770)	
Net OPEB liability	(40,560,646)	
Accrued interest payable	(107,960)	
Noncurrent liabilities due in one year	(4,852,571)	
Noncurrent liabilities due in more than one year	(63,864,447)	
	(148,441,322)	(148,441,322)

Net Position of Governmental Activities \$ 5,571,970

See Notes to Financial Statements.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS - EXHIBIT C-2

For the Year Ended August 31, 2020

Data Control Codes		10	50	60	
		General	Debt Service	ESSER	Capital Projects
Revenues					
5700	Local, intermediate, and out-of-state	\$ 22,173,817	\$ 78,854	\$ -	\$ 61,681
5800	State program revenues	74,296,667	-	-	-
5900	Federal program revenues	1,379,425	-	2,506,728	-
5020	Total Revenues	<u>97,849,909</u>	<u>78,854</u>	<u>2,506,728</u>	<u>61,681</u>
Expenditures					
0011	Instruction	46,986,696	-	2,506,728	-
0012	Instructional resources and media services	1,352,151	-	-	-
0013	Curriculum and instructional staff development	1,770,289	-	-	-
0021	Instructional leadership	1,423,477	-	-	-
0023	School leadership	5,196,597	-	-	-
0031	Guidance, counseling, and evaluation services	3,542,666	-	-	-
0032	Social work services	294,860	-	-	-
0033	Health services	1,163,062	-	-	-
0034	Student (pupil) transportation	3,246,015	-	-	-
0035	Food services	1,368,246	-	-	-
0036	Extracurricular activities	2,790,981	-	-	-
0041	General administration	3,628,510	-	-	-
0051	Plant maintenance and operations	12,698,155	-	-	3,066,094
0052	Security and monitoring services	1,996,523	-	-	-
0053	Data processing services	2,958,447	-	-	-
0061	Community services	102,540	-	-	-
Debt service:					
0071	Principal	3,458,781	428,208	-	-
0072	Interest	1,491,874	604,545	-	-
0073	Bond issuance costs and fees	2,600	-	-	232,925
Capital outlay:					
0081	Facilities acquisition and construction	1,827,369	-	-	1,882,997
Intergovernmental:					
0099	Other governmental charges	509,960	-	-	-
6030	Total Expenditures	<u>97,809,799</u>	<u>1,032,753</u>	<u>2,506,728</u>	<u>5,182,016</u>
1100	Excess (Deficiency) of Revenues				
1100	Over (Under) Expenditures	<u>40,110</u>	<u>(953,899)</u>	<u>-</u>	<u>(5,120,335)</u>
Other Financing Sources (Uses)					
7912	Sale of real and personal property	2,480	-	-	-
7913	Capital lease proceeds	513,619	-	-	-
7914	Issuance of bonds	-	17,493	-	16,502,507
7915	Transfers in	-	374,899	-	-
7916	Premium/discount on bonds	-	-	-	2,730,418
8911	Transfers (out)	(374,899)	-	-	-
8949	Other (uses)	(12,521)	(376,036)	-	-
7080	Total Other Financing Sources (Uses)	<u>128,679</u>	<u>16,356</u>	<u>-</u>	<u>19,232,925</u>
Special Item					
8912	Special item (resources)	(2,013,363)	-	-	-
1200	Net Change in Fund Balances	(1,844,574)	(937,543)	-	14,112,590
0100	Beginning fund balances	31,156,790	937,543	-	3,329,543
3000	Ending Fund Balances	<u>\$ 29,312,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,442,133</u>

See Notes to Financial Statements.

Nonmajor Governmental Funds	98 Total Governmental Funds
\$ 509,482	\$ 22,823,834
1,463,360	75,760,027
14,413,739	18,299,892
<u>16,386,581</u>	<u>116,883,753</u>
6,111,901	55,605,325
86,277	1,438,428
1,032,191	2,802,480
436,888	1,860,365
32,396	5,228,993
690,759	4,233,425
-	294,860
149,397	1,312,459
101,789	3,347,804
5,973,007	7,341,253
32,528	2,823,509
-	3,628,510
162,019	15,926,268
168,891	2,165,414
-	2,958,447
798,623	901,163
-	3,886,989
-	2,096,419
-	235,525
-	3,710,366
-	509,960
<u>15,776,666</u>	<u>122,307,962</u>
<u>609,915</u>	<u>(5,424,209)</u>
-	2,480
-	513,619
-	16,520,000
-	374,899
-	2,730,418
-	(374,899)
-	(388,557)
<u>-</u>	<u>19,377,960</u>
-	(2,013,363)
609,915	11,940,388
194,286	35,618,162
<u>\$ 804,201</u>	<u>\$ 47,558,550</u>

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - EXHIBIT C-3*

For the Year Ended August 31, 2020

Net change in fund balances - total governmental funds \$ 11,940,388

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation	(4,806,309)
Capital outlay, net of disposals	5,350,702

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	408,794
--	---------

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.

Bonds issuance	(16,520,000)
Capital lease issuance	(513,619)
Principal repayments on bonds	3,510,000
Principal repayments on capital lease	376,989
Loss on refunding	(161,065)
Amortization of premiums, net of additions	(2,200,682)
Accreted interest	(80,418)
Accrued interest	(25,113)

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	(138,682)
Change in net pension liability	2,428,445
Amortization of deferred outflows - pensions	(2,158,432)
Amortization of deferred inflows - pensions	(4,048,481)
Change in net OPEB liability	2,751,166
Amortization of deferred outflows - OPEB	1,257,271
Amortization of deferred inflows - OPEB	(3,753,442)
Net on-behalf contributions adjustment - revenues	8,123,880
Net on-behalf contributions adjustment - expenses	(8,123,880)

Some revenues/expenditures reported in governmental funds are not recognized as revenues/expenses in the Statement of Activities.

Fund level on-behalf adjustment - revenues	(4,838,385)
Fund level on-behalf adjustment - expenses	4,838,385

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.

(expense) of the internal service fund is reported with governmental activities.	(315,864)
Change in Net Position of Governmental Activities	\$ (6,698,352)

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*

August 31, 2020

Data Control Codes		Internal Service
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 2,408,871
1000		
	Total Assets	2,408,871
	<u>Liabilities</u>	
	Current liabilities:	
2110	Accounts payable	33,299
2120	Other liabilities	918,774
2000		
	Total Liabilities	952,073
	<u>Net Position</u>	
3900	Unrestricted net position	1,456,798
4000		
	Total Net Position	\$ 1,456,798

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 August 31, 2020

<u>Data Control Dates</u>		<u>Internal Service</u>
	<u>Operating Revenues</u>	
5700	Local and intermediate sources	\$ 9,956,581
5020		Total Operating Revenues <u>9,956,581</u>
	<u>Operating Expenses</u>	
6200	Professional and contracted services	42,258
6400	Other operating costs	10,230,187
6030		Total Operating Expenses <u>10,272,445</u>
1200		Change in Net Position (315,864)
0100	Beginning net position	<u>1,772,662</u>
3000		Ending Net Position <u><u>\$ 1,456,798</u></u>

See Notes to Financial Statements.

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

*STATEMENT OF CASH FLOWS
PROPRIETARY FUND - EXHIBIT D-3*

For the Year Ended August 31, 2020

	Internal Service
<u>Cash Flows from Operating Activities</u>	
Cash received from user charges	\$ 9,956,581
Cash payments for insurance claims	(10,164,755)
Cash payments for professional and contracted services	(12,390)
Net Cash (Used) by Operating Activities	\$ (220,564)
Net (Decrease) in Cash and Cash Equivalents	\$ (220,564)
Beginning cash and cash equivalents	2,629,435
Ending Cash and Cash Equivalents	\$ 2,408,871
 Reconciliation of Operating Income (Loss) to Net Cash (Used) by Operating Activities	
Operating (loss)	\$ (315,864)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Increase (Decrease) in:	
Increase (decrease) in accounts payable	29,868
Increase (decrease) in other liabilities	65,432
Net Cash (Used) by Operating Activities	\$ (220,564)

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
August 31, 2020

<u>Data Control Codes</u>		<u>Student Activity</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 93,535
1120	Investment - current	396,980
1,290	Other receivables	375
1000		
	Total Assets	\$ 490,890
	<u>Liabilities</u>	
	Current liabilities:	
2110	Accounts payable	\$ 19,121
2190	Due to student groups	471,769
2000		
	Total Liabilities	\$ 490,890

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 August 31, 2020

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 funds 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 August 31, 2020

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

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following governmental funds:

General Fund

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

Debt Service Fund

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

Capital Projects Fund

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

Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service. The restricted or committed proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund. The Elementary and Secondary School Emergency Relief (ESSER) fund is considered a major fund for reporting purposes. The remaining 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 August 31, 2020

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 include the following:

Internal Service Fund

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

Fiduciary Funds

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

Agency Fund

The agency fund is custodial in nature and does not present results of operations or have a measurement focus. The agency fund is accounted for using the accrual basis of accounting. This fund is used to account for the District's student activity funds.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

1. Cash and Cash Equivalents

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

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and 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 August 31, 2020

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:

Asset Description	Estimated Useful Life
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 August 31, 2020

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 August 31, 2020

8. Long-Term Obligations

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

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

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

9. Net Position Flow Assumption

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

10. Fund Balance Flow Assumptions

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

11. Fund Balance Policies

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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

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

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

12. Estimates

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

13. Data Control Codes

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

14. Pensions

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

15. Other Postemployment Benefits

The fiduciary net position of the TRS Texas Public School Retired Employees Group Insurance Program (“TRS-Care”) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net other OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS-Care’s fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

16. Self-Funded Program

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

17. Indirect Expenses

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

During the year, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures.

For the year ended August 31, 2020, expenditures exceeded appropriations at the legal level of control as follows:

General Fund	
Function 21: Instructional leadership	\$2,331
Function 23: School leadership	\$62,715
Function 31: Guidance, counseling, and evaluation services	\$13,859
Function 32: Social work services	\$3,514
Function 53: Data processing services	\$300,125
Data control code 8911: Transfers (out)	\$374,899
National School Breakfast and Lunch Program Fund	
Function 35: Food services	\$133,323
Debt Service Fund	
Data control code 8949: Other (uses)	\$376,036

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of August 31, 2020, the District had the following investments:

<u>Investments</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
Investment pools:		
Lone Star	\$ 5,562,126	0.00
TexPool	34,886,590	0.00
	\$ 40,448,716	
Portfolio weighted average maturity		0.00

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 August 31, 2020, deposit accounts were entirely insured or collateralized with securities as provided by State laws and regulations and FDIC insurance.

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

TexPool

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

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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 (TASB). 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 participant's 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 August 31, 2020

B. Capital Assets

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

	Beginning Balances	Increases	(Decreases)	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,684,804	\$ 1,159,533	\$ -	\$ 4,844,337
Construction in progress	1,768,708	3,023,936	(1,952,207)	2,840,437
Total Capital Assets Not Being Depreciated	5,453,512	4,183,469	(1,952,207)	7,684,774
Other capital assets:				
Buildings and improvements	149,522,455	2,014,099	-	151,536,554
Vehicles, furniture, and equipment	19,325,069	1,121,329	(105,811)	20,340,587
Total Other Capital Assets	168,847,524	3,135,428	(105,811)	171,877,141
Less accumulated depreciation for:				
Buildings and improvements	(61,079,892)	(3,514,249)	-	(64,594,141)
Vehicles, furniture, and equipment	(15,018,506)	(1,292,060)	89,823	(16,220,743)
Total Accumulated Depreciation	(76,098,398)	(4,806,309)	89,823	(80,814,884)
Other capital assets, net	92,749,126	(1,670,881)	(15,988)	91,062,257
Governmental Activities Capital Assets, Net	\$ 98,202,638	\$ 2,512,588	\$ (1,968,195)	98,747,031
			Less associated debt	(67,975,016)
			Plus deferred charge on refunding	1,140,551
			Plus unspent bond proceeds	17,442,133
			Net Investment in Capital Assets	\$ 49,354,699

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

Depreciation was charged to governmental functions as follows:

	Governmental Activities
11 Instruction	\$ 3,159,030
12 Instructional resources and media services	38,089
13 Curriculum and instructional staff development	3,311
21 Instructional leadership	37,615
23 School leadership	85,633
31 Guidance, counseling, and evaluation services	3,630
32 Social work services	500
34 Student (pupil) transportation	238,555
35 Food services	131,275
36 Extracurricular activities	481,884
41 General administration	95,023
51 Plant maintenance and operations	236,647
52 Security and monitoring services	43,705
53 Data processing services	155,272
81 Facilities acquisition and construction	96,140
Total Depreciation Expense	\$ 4,806,309

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

C. Long-Term Debt

The following is a summary of changes in the District's total governmental long-term liabilities for the year. 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	10,510,000	-	(1,545,000)	8,965,000	1,615,000
Series 2015	6,530,000	-	(850,000)	5,680,000	880,000
Series 2016	7,940,000	-	(435,000)	7,505,000	450,000
Series 2017	4,660,000	-	(90,000)	4,570,000	90,000
Series 2020	-	16,520,000	-	16,520,000	265,000
Maintenance tax note:					
Series 2018	15,945,000	-	(590,000)	15,355,000	615,000
	<u>45,924,993</u>	<u>16,520,000</u>	<u>(3,510,000)</u>	<u>58,934,993</u>	<u>* 3,915,000</u>
Capital leases:					
Copiers	75,203	-	(75,203)	-	-
Virtual network - equipment	53,184	-	(26,062)	27,122	27,122
Virtual network - software	199,345	-	(96,944)	102,401	102,401
Cyber security - equipment	-	513,619	(178,780)	334,839	140,246
	<u>327,732</u>	<u>513,619</u>	<u>(376,989)</u>	<u>464,362</u>	<u>* 269,769</u>
Other liabilities:					
Compensated absences	603,320	755,024	(616,342)	742,002	667,802
Unamortized premium	4,875,224	2,730,418	(529,736)	7,075,906	*
Accreted interest	1,419,337	80,418	-	1,499,755	*
Net pension liability	33,072,215	-	(2,428,445)	30,643,770	-
Net OPEB liability	43,311,812	-	(2,751,166)	40,560,646	-
Total Governmental Activities	<u>\$ 129,534,633</u>	<u>\$ 20,599,479</u>	<u>\$ (10,212,678)</u>	<u>\$ 139,921,434</u>	<u>\$ 4,852,571</u>
				<u>\$ 135,068,863</u>	
				<u>\$ 67,975,016</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.

Unlimited Tax School Building Bonds

During the fiscal year, the District issued \$16,520,000 of Unlimited Tax School Bonds, Series 2020 (the "Bonds"). Proceeds will be used for the purposes of constructing, renovating, acquiring, and equipping a new elementary school. In addition, the proceeds will be used to acquire a site for the

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

new elementary school and paying the cost of issuance related to the Bonds. The Bonds mature on August 15, 2050 and have an interest rate ranging from 4.00% to 5.00%.

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

Description	Interest Rates	Balance
General Obligation Bonds		
Unlimited Tax Refunding Bonds		
Series 2007	4.51% - 4.53%	\$ 339,993
Series 2013	3.00% - 5.00%	8,965,000
Series 2015	2.00% - 4.00%	5,680,000
Series 2016	3.00% - 4.00%	7,505,000
Series 2017	2.00% - 4.00%	4,570,000
Series 2020	4.00% - 5.00%	16,520,000
Total General Obligation Bonds		\$ 43,579,993
 Maintenance Tax Notes		
Series 2018	4.00% - 5.00%	\$ 15,355,000
Total Maintenance Tax Notes		\$ 15,355,000
 Capital Leases		
Virtual Network - Equipment	4.06%	\$ 27,122
Virtual Network - Software	5.63%	102,401
Cyber Security - Equipment	4.40%	334,839
Total Capital Leases		\$ 464,362

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

Year Ended Aug 31	Principal	Interest	Total Requirements
2021	\$ 3,915,000	\$ 2,442,700	\$ 6,357,700
2022	4,085,000	2,275,650	6,360,650
2023	4,275,000	2,100,700	6,375,700
2024	4,450,000	1,934,825	6,384,825
2025	4,610,000	1,771,988	6,381,988
2026-2030	13,149,993	7,075,750	20,225,743
2031-2035	11,140,000	4,131,750	15,271,750
2036-2040	5,420,000	2,126,400	7,546,400
2041-2045	3,560,000	1,304,600	4,864,600
2046-2050	4,330,000	533,200	4,863,200
Total	\$ 58,934,993	\$ 25,697,563	\$ 84,632,556

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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

Year Ended Aug 31	Principal	Interest	Total Requirements
2021	\$ 269,769	\$ 45,402	\$ 315,171
2022	149,891	28,890	178,781
2023	18,692	17,502	36,194
2024	26,010	10,183	36,193
Total	\$ 464,362	\$ 101,977	\$ 566,339

Capital assets acquired under current capital leases obligations totaled \$1,606,074 less accumulated depreciation of \$918,787.

Federal Arbitrage

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

D. Commitments Under Noncapitalized Leases

The District has active leases for a vehicle lease for the Drivers Education Program for the use of three vehicles, copiers, and technology equipment. The total operating lease expense during the current year was \$210,992.

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

Year Ended August 31	Future Minimum Lease Payments
2021	\$ 296,417
2022	296,417
2023	282,797
2024	85,425
Total	\$ 961,056

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

E. Interfund Transactions

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

Due To	Due From	Amounts
General fund	Other governmental funds	\$ 2,312,887
General fund	ESSER fund	2,617,596
Other governmental funds	General fund	2,291
Debt service fund	General fund	374,899
		\$ 5,307,673

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

Transfer In	Transfer Out	Amounts
Debt service fund	General fund	\$ 374,899

Amounts transferred from the general fund are related to prior year State funding that is owed back to the State.

IV. OTHER INFORMATION

A. Risk Management

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

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

B. Contingent Liabilities

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

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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.

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. The District suspended in-classroom learning for the remainder of the school year. While the initial event occurred prior to year end, the District was, subsequent to year end, continuing to modify its operations to prevent the spread to protect students, staff, and the community as a whole, while balancing the educational needs of students. In August 2020, the District resumed its 2020-2021 school year starting on the regularly scheduled date with in-classroom learning but providing parents and guardians the option for virtual learning on a semester-by-semester basis. Approximately 67% of students elected virtual learning. The District has made numerous changes to its operations, including provisions for students and staff to wear masks, more frequent cleanings, and numerous other changes. While such changes cause a significant hardship and have increased expenses, such increases are nominal in comparison to the overall budget. The District is continuing to monitor exposure levels with students, staff and the community as a whole, but to date the overall exposure threat level has been sufficiently low to continue with in-class learning, but the District is ready to modify its plans if necessary. The District will continue to seek out additional funding to cover the increased costs in responding to the pandemic.

C. Defined Benefit Pension Plan

Teacher Retirement System

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about TRS's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at <https://trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting *About TRS, then Publications, then Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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.

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. SB12 of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

Contribution Rates			
Fiscal Year	State	Public Education Employer*	Active Employee
2019	6.80%	1.50%	7.70%
2020	7.50%	1.50%	7.70%
2021	7.50%	1.60%	7.70%
2022	7.75%	1.70%	8.00%
2023	8.00%	1.80%	8.00%
2024	8.25%	1.90%	8.25%
2025	8.25%	2.00%	8.25%

*SB 12 requires an increase in employer contributions by public school districts, charter schools, and regional education service centers. Prior to SB12, only those employers not participating in Social Security were required to pay a 1.5% contribution. Beginning September 1, 2019, all employers are required to pay the Public Education Employer Contribution irrespective of participation in Social Security.

	Contribution Rates	
	2019	2020
Medicare	7.7%	7.7%
NECE (State)	6.8%	7.5%
Employers	6.8%	6.8%

	Measurement Year (2019)	Fiscal Year (2020)
	District contributions	\$ 2,063,302
Member contributions	\$ 4,687,918	\$ 5,116,350
NECE on-behalf contributions	\$ 2,873,163	\$ 3,622,977

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.

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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational, and general or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to TRS an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to TRS beginning in fiscal year 2020. This contribution rate, called the Public Education Employer Contribution (PEEC), will replace the Non-Federal Old-Age, Survivors, and Disability Insurance (OASDI) Program surcharge that was in effect in fiscal year 2019.

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

- When employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal OASDI Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced by the PEEC explained above.

Actuarial Assumptions

The total pension liability (TPL) in the August 31, 2018 actuarial valuation rolled forward to August 31, 2019 was determined using the following actuarial assumptions:

Valuation date	August 31, 2018 rolled forward to August 31, 2019
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate as of August 2019	2.63%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%, including inflation
Ad hoc postemployment benefit changes	None

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

The actuarial methods and assumptions used in the determination of the TPL are the same assumptions used in the actuarial valuation as of ending August 31, 2018. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 9, 2018.

Discount Rate

A single discount rate of 7.25% was used to measure the TPL. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the NECE will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2019 are summarized below:

Teacher Retirement System of Texas Asset Allocation and Long-Term Expected Real Rate of Return As of August 31, 2019

Asset Class	Fiscal Year 2019 Target Allocation (1)	New Target Allocation (2)	Long-Term Expected Geometric Real Rate of Return (3)
Global Equity			
U.S.	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	0.0%	0.0%
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries (4)	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
Real Return			
Global Inflation-Linked Bonds (4)	3.0%	0.0%	0.0%
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources, and Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5% (5)
Leverage			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	0.0%	-6.0%	2.7%
Expected Return	<u>100.0%</u>	<u>100.0%</u>	<u>7.2%</u>

(1) Target allocations are based on the Strategic Asset Allocation as of fiscal year 2019.

(2) New allocations are based on the Strategic Asset Allocation to be implemented fiscal year 2020.

(3) Ten-year annualized geometric nominal returns include the real rate of return and inflation of 2.1%.

(4) New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds.

(5) 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability (NPL) if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the NPL:

	1% Decrease in Discount Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	\$ 47,103,926	\$ 30,643,770	\$ 17,307,866

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

At August 31, 2020, the District reported a liability of \$30,643,770 for its proportionate share of the TRS's NPL. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the NPL, the related State support, and the total portion of the NPL that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 30,643,770
State's proportionate share that is associated with the District	42,673,474
Total	\$ 73,317,244

The NPL was measured as of August 31, 2018 and rolled forward to August 31, 2019 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, 2018 through August 31, 2019.

At August 31, 2020, the District's proportion of the collective NPL was 0.0589495%, which was a decrease of 0.0011355% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of Senate Bill 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.
- The Texas Legislature approved funding for a thirteenth check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the fiscal year ended August 31, 2020, the District recognized pension expense of \$6,703,402 and revenue of \$6,703,402 for support provided by the State.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

At August 31, 2020, 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	\$ 128,731	\$ 1,064,000
Changes in actuarial assumptions	9,507,202	3,928,826
Difference between projected and actual investment earnings	307,699	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,692,534	849,362
Contributions paid to TRS subsequent to the measurement date	2,338,148	-
Total	\$ 13,974,314	\$ 5,842,188

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

Year Ended August 31	Pension Expense
2021	\$ 1,599,067
2022	1,231,775
2023	1,461,265
2024	1,393,163
2025	415,426
Thereafter	(306,718)
Total	\$ 5,793,978

D. Defined Other Postemployment Benefit Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

Detailed information about TRS-Care's fiduciary net position is available in a separately issued TRS Comprehensive Annual Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at www.trs.texas.gov/TRS%20Documents/cafr2019.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)542-6592.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

Components of the net OPEB liability of TRS-Care as of August 31, 2019 are as follows:

Total OPEB liability		\$ 48,583,247,239
Less: plan fiduciary net position		1,292,022,349
Net OPEB Liability		\$ 47,291,224,890
Net position as a percentage of total OPEB liability		2.66%

Benefits Provided

TRS-Care provides a basic health insurance coverage, TRS-Care 1 (the “Basic Plan”) at no cost to all retirees from public schools, 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 retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits, TRS-Care 2 and TRS-Care 3 (the “Optional Health Insurance”). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least ten years of service credit in TRS. 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. There are no automatic postemployment benefit changes, including automatic cost-of-living adjustments.

The premium rates for the Optional Health Insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage:

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

**or surviving spouse*

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 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to TRS-Care by type of contributor:

Contribution Rates		
	Fiscal Year	
	2019	2020
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 (2019)	Fiscal Year (2020)
District contributions	\$ 607,307	\$ 645,285
Member contributions	\$ 197,867	\$ 215,950
NECE on-behalf contributions	\$ 808,796	\$ 830,576

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 \$73.6 million in fiscal year 2019.

Actuarial Assumptions

The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019.

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

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

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

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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

The initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 13 years.

Additional actuarial methods and assumptions are as follows:

Valuation date	8/31/2018 rolled forward to 8/31/2019
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	2.63% as of August 31, 2019
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 65% participation prior to age 65 and 50% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expenses related to the delivery of healthcare benefits are included in the age-adjusted claims costs.
Projected salary increases	3.05% to 9.05%, including inflation
Ad hoc postemployment benefit changes	None

The impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.3%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25-basis point addition to the long-term trend rate assumption.

Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% in the discount rate since the previous year. Because TRS-Care is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the NECE are made at the statutorily required rates. Based on those assumptions, TRS-Care’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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 one percent less than and one percent greater than the discount rate that was used in measuring the net OPEB liability:

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of net OPEB liability	\$ 48,969,714	\$ 40,560,646	\$ 33,982,224

Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of TRS-Care using the assumed healthcare cost trend rate of 8.5%, 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	\$ 33,087,952	\$ 40,560,646	\$ 50,570,624

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

At August 31, 2020, the District reported a liability of \$40,560,646 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	\$ 40,560,646
State's proportionate share that is associated with the District	53,896,025
Total	\$ 94,456,671

The net OPEB liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 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, 2018 through August 31, 2019.

At August 31, 2020, the District's proportion of the collective net OPEB liability was 0.0857678%, compared to 0.0867435% as of August 31, 2019.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.
- The healthcare trend rates were reset to better reflect TRS-Care's anticipated experience. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 60%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

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

For the fiscal year ended August 31, 20120, the District recognized OPEB expense of \$1,420,478 and revenue of \$1,420,478 for support provided by the State.

At August 31, 2020, 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	\$ 1,989,844	\$ 6,637,319
Changes in actuarial assumptions	2,252,828	10,909,818
Differences between projected and actual investment earnings	4,376	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	140	5,029,941
Contributions paid to TRS subsequent to the measurement date	645,285	-
Total	\$ 4,892,473	\$ 22,577,078

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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

Year Ended August 31	Expense Amount
2021	\$ (2,943,043)
2022	(2,943,043)
2023	(2,944,459)
2024	(2,945,269)
2025	(2,945,047)
Thereafter	(3,609,029)
	<u>\$ (18,329,890)</u>

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2020, 2019, and 2018, the subsidy payments received by TRS-Care on behalf of the District were \$306,145, \$232,695, and \$186,194 respectively.

E. Employee Health Care Coverage

During the year ended August 31, 2020, the District contributed \$493 per month for each employee which was deposited into the health insurance fund (the “Fund”). The contribution is deposited monthly into the Fund account and administrative costs are expensed when incurred and reported. The District obtained excess loss insurance (stop-loss coverage), which limited the amount of claims for any one individual to \$600,000 and a \$1,000,000 maximum annual aggregate stop loss coverage. Claims payable, including an estimate for claims incurred but not reported, at August 31, 2020 are \$918,774. The Plan is funded to discharge liabilities for the Fund as they become due.

F. Workers’ Compensation Insurance

During the year ended August 31, 2020, the District met its statutory workers’ compensation obligations through participation in the TASB Risk Management Fund (the “Fund”). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund’s workers’ compensation program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties. The Fund provides statutory workers’ compensation benefits to its members’ injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund’s self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2019, the Fund carries a discounted reserve of \$45,439,534 for future development on reported claims and claims that have been incurred but not

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

yet reported. For the year ended August 31, 2020, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

G. Unemployment Compensation

During the year ended August 31, 2020, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the year ended August 31, 2020, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

H. Special Item

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

The investigation by law enforcement agencies into the cyber phishing incident is ongoing. The District intends to use all available legal means to recoup the stolen funds. There are no assurances at this time that any amount will be recovered. However, the District currently has court claim filings in the amount of \$1,841,427.

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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 August 31, 2020

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ 22,575,890	\$ 22,623,810	\$ 22,173,817	\$ (449,993)
5800	State program revenues	79,694,587	77,496,504	74,296,667	(3,199,837)
5900	Federal program revenues	1,393,000	1,393,000	1,379,425	(13,575)
5020	Total Revenues	<u>103,663,477</u>	<u>101,513,314</u>	<u>97,849,909</u>	<u>(3,663,405)</u>
Expenditures					
0011	Instruction	52,769,716	50,871,769	46,986,696	3,885,073
0012	Instructional resources and media services	1,397,983	1,401,646	1,352,151	49,495
0013	Curriculum/instructional staff development	2,178,707	1,784,608	1,770,289	14,319
0021	Instructional leadership	1,202,328	1,421,146	1,423,477	(2,331) *
0023	School leadership	5,260,714	5,133,882	5,196,597	(62,715) *
0031	Guidance, counseling, and evaluation services	3,697,946	3,528,807	3,542,666	(13,859) *
0032	Social work services	254,750	291,346	294,860	(3,514) *
0033	Health services	1,379,607	1,182,296	1,163,062	19,234
0034	Student (pupil) transportation	3,370,091	3,317,166	3,246,015	71,151
0035	Food services	164,345	1,537,973	1,368,246	169,727
0036	Extracurricular activities	3,735,102	3,051,840	2,790,981	260,859
0041	General administration	4,318,384	3,776,385	3,628,510	147,875
0051	Plant maintenance and operations	11,847,224	14,164,557	12,698,155	1,466,402
0052	Security and monitoring services	1,772,257	2,223,598	1,996,523	227,075
0053	Data processing services	2,920,243	2,658,322	2,958,447	(300,125) *
0061	Community services	143,886	136,148	102,540	33,608
Debt service:					
0071	Principal	3,510,000	3,458,781	3,458,781	-
0072	Interest	880,794	1,663,888	1,491,874	172,014
0073	Bond issuance costs and fees	1,400	2,600	2,600	-
Capital outlay:					
0081	Facilities acquisition and construction	2,330,000	2,070,880	1,827,369	243,511
Intergovernmental:					
0099	Other governmental charges	528,000	528,000	509,960	18,040
6030	Total Expenditures	<u>103,663,477</u>	<u>104,205,638</u>	<u>97,809,799</u>	<u>6,395,839</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(2,692,324)</u>	<u>40,110</u>	<u>2,732,434</u>
Other Financing Sources (Uses)					
7912	Sale of real and personal property	-	-	2,480	2,480
7913	Capital lease proceeds	-	-	513,619	513,619
8911	Transfers (out)	-	-	(374,899)	(374,899) *
8949	Other (uses)	-	(20,000)	(12,521)	7,479
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>(20,000)</u>	<u>128,679</u>	<u>148,679</u>
Special Item					
8912	Special items (resources)	-	(2,013,363)	(2,013,363)	-
1200	Net Change in Fund Balance	<u>-</u>	<u>(4,725,687)</u>	<u>(1,844,574)</u>	<u>2,881,113</u>
0100	Beginning fund balance	31,156,790	31,156,790	31,156,790	-
3000	Ending Fund Balance	<u>\$ 31,156,790</u>	<u>\$ 26,431,103</u>	<u>\$ 29,312,216</u>	<u>\$ 2,881,113</u>

Notes to Required Supplementary Information:

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

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY*
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-2
For the Year Ended August 31, 2020

	Measurement Year*			
	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0589495%	0.0600850%	0.0606732%	0.0623701%
District's proportionate share of the net pension liability (asset)	\$ 30,643,770	\$ 33,072,215	\$ 19,400,017	\$ 23,568,734
State's proportionate share of the net pension liability associated with the District	42,673,474	46,682,985	28,746,378	35,021,451
Total	<u>\$ 73,317,244</u>	<u>\$ 79,755,200</u>	<u>\$ 48,146,395</u>	<u>\$ 58,590,185</u>
District's covered payroll**	\$ 60,882,047	\$ 59,999,224	\$ 59,508,901	\$ 59,432,234
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	50.33%	55.12%	32.60%	39.66%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%

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

** As of the measurement date.

Notes to Required Supplementary Information:

Changes in Assumptions:

The Total Pension Liability (TPL), as of August 31, 2019, was developed using a roll-forward method from the August 31, 2018

With the enactment of Senate Bill 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

The discount rate changed from 6.907% as of August 31, 2018 to 7.250% as of August 31, 2019.

Changes in benefits . There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

Measurement Year*	
<u>2015</u>	<u>2014</u>
0.0645439%	0.0428135%
\$ 22,815,410	\$ 11,436,077
32,665,742	29,038,237
<u>\$ 55,481,152</u>	<u>\$ 40,474,314</u>
\$ 56,506,425	\$ 55,211,617
40.38%	20.71%
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 Year Ended August 31, 2020

	Fiscal Year*			
	2020	2019	2018	2017
Contractually required contribution	\$ 2,338,148	\$ 2,063,331	\$ 2,010,730	\$ 1,988,526
Contributions in relations to the contractually required contribution	2,338,148	2,063,331	2,010,730	1,988,526
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 66,446,100	\$ 60,882,047	\$ 59,999,224	\$ 59,508,901
Contributions as a percentage of covered payroll	3.52%	3.39%	3.35%	3.34%

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

Fiscal Year*	
2016	2015
\$ 1,979,560	\$ 1,911,172
<u>1,979,560</u>	<u>1,911,172</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 59,432,234	\$ 56,506,425
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 Year Ended August 31, 2020

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

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

Notes to Required Supplementary Information:

Changes in Assumptions:

The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.

The trend rates were reset to better reflect TRS-Care's anticipated experience. This change increased the total OPEB liability.

The age of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

The discount rate was changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.

Changes in Benefits:

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

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES
GROUP INSURANCE PROGRAM ("TRS-CARE") - EXHIBIT G-5
For the Year Ended August 31, 2020

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

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

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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 2)

August 31, 2020

Data Control Codes		Special Revenue Funds			
		205	211	212	224
		Head Start	Part A Improving Basic Prog	ESEA Title I, Pt. C Migrant	IDEA-B Formula
	<u>Assets</u>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	261,117	280,124	35,940	125,725
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	Total Assets	\$ 261,117	\$ 280,124	\$ 35,940	\$ 125,725
	<u>Liabilities</u>				
2110	Accounts payable	\$ 14,876	\$ 14	\$ -	\$ 165
2160	Accrued wages payable	48,152	18,951	2,463	29,760
2170	Due to other funds	198,089	261,159	33,477	95,800
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	261,117	280,124	35,940	125,725
	<u>Fund Balances</u>				
	Restricted:				
3450	Federal/state fund grant restrictions	-	-	-	-
3490	Other restrictions of fund balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 261,117	\$ 280,124	\$ 35,940	\$ 125,725

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 ELA
\$ -	\$ 979,700	\$ 229,111	\$ -	\$ -	\$ 52
4,052	24,621	156,275	9,129	31,349	30,544
-	-	-	-	-	-
-	803,240	-	-	-	-
<u>\$ 4,052</u>	<u>\$ 1,807,561</u>	<u>\$ 385,386</u>	<u>\$ 9,129</u>	<u>\$ 31,349</u>	<u>\$ 30,596</u>
\$ -	\$ 208,692	\$ 97,531	\$ -	\$ -	\$ -
-	1,072	-	713	110	1,727
4,052	1,466,882	90,027	8,416	31,239	28,869
-	-	-	-	-	-
<u>4,052</u>	<u>1,676,646</u>	<u>187,558</u>	<u>9,129</u>	<u>31,349</u>	<u>30,596</u>
-	130,915	197,828	-	-	-
-	-	-	-	-	-
-	<u>130,915</u>	<u>197,828</u>	-	-	-
<u>\$ 4,052</u>	<u>\$ 1,807,561</u>	<u>\$ 385,386</u>	<u>\$ 9,129</u>	<u>\$ 31,349</u>	<u>\$ 30,596</u>

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

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

August 31, 2020

Data Control Codes		Special Revenue Funds			
		270	272	289	386
		Title V, Part B Rural & Low Income School	Medicaid Admin. Claim MAC	Miscellaneous Federal Grants	Regional Day School for the Deaf
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ 43,638	\$ 3,188	\$ -
1240	Due from other governments	96,990	-	4,741	-
1260	Due from other funds	-	-	-	2,291
1290	Other receivables	-	-	-	-
1000	Total Assets	\$ 96,990	\$ 43,638	\$ 7,929	\$ 2,291
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ 11,934	\$ 5,987	\$ -
2160	Accrued wages payable	2,113	-	37	2,291
2170	Due to other funds	94,877	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	96,990	11,934	6,024	2,291
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state fund grant restrictions	-	31,704	1,905	-
3490	Other restrictions of fund balance	-	-	-	-
3000	Total Fund Balances	-	31,704	1,905	-
4000	Total Liabilities and Fund Balances	\$ 96,990	\$ 43,638	\$ 7,929	\$ 2,291

Special Revenue Funds

397	410	429	461	482	487	Total Nonmajor Governmental Funds
Advanced Placement Incentives	State Textbook	Miscellaneous State Special Revenue Program	Campus Activity	Loss Prevention Grant	Healthy Futures of Texas	
\$ 151	\$ 401,872	\$ 350,223	\$ 114,504	\$ 1,000	\$ 35,884	\$ 2,159,323
-	-	10,222	-	-	-	1,070,829
-	-	-	-	-	-	2,291
-	-	-	-	-	75,543	878,783
<u>\$ 151</u>	<u>\$ 401,872</u>	<u>\$ 360,445</u>	<u>\$ 114,504</u>	<u>\$ 1,000</u>	<u>\$ 111,427</u>	<u>\$ 4,111,226</u>
\$ -	\$ -	\$ 58,565	\$ -	\$ -	\$ 98,733	\$ 496,497
-	-	3,956	-	-	-	111,345
-	-	-	-	-	-	2,312,887
-	386,296	-	-	-	-	386,296
-	<u>386,296</u>	<u>62,521</u>	<u>-</u>	<u>-</u>	<u>98,733</u>	<u>3,307,025</u>
151	15,576	297,924	-	1,000	12,694	689,697
-	-	-	114,504	-	-	114,504
<u>151</u>	<u>15,576</u>	<u>297,924</u>	<u>114,504</u>	<u>1,000</u>	<u>12,694</u>	<u>804,201</u>
<u>\$ 151</u>	<u>\$ 401,872</u>	<u>\$ 360,445</u>	<u>\$ 114,504</u>	<u>\$ 1,000</u>	<u>\$ 111,427</u>	<u>\$ 4,111,226</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 2)
For the Year Ended August 31, 2020

Data Control Codes		Special Revenue Funds			
		205	211	212	224
		Head Start	Part A Improving Basic Prog	ESEA Title I, Pt. C Migrant	IDEA-B Formula
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	2,571,542	2,937,941	261,481	1,835,767
5020	Total Revenues	<u>2,571,542</u>	<u>2,937,941</u>	<u>261,481</u>	<u>1,835,767</u>
Expenditures					
Current:					
0011	Instruction	1,806,780	2,183,094	15,650	1,290,420
0012	Instructional resources and media services	63,127	-	-	-
0013	Curriculum/instructional staff development	36,410	45,953	-	-
0021	Instructional leadership	93,597	92,748	85,529	134,074
0023	School leadership	1,302	-	-	-
0031	Guidance, counseling, and evaluation services	73,814	19,539	81,365	411,273
0033	Health services	93,897	-	465	-
0034	Student transportation	101,789	-	-	-
0035	Food service	16,444	-	-	-
0036	Extracurricular activities	-	-	-	-
0051	Plant maintenance and operations	149,324	6,910	4,244	-
0052	Security and monitoring services	-	360	-	-
0061	Community services	135,058	589,337	74,228	-
6030	Total Expenditures	<u>2,571,542</u>	<u>2,937,941</u>	<u>261,481</u>	<u>1,835,767</u>
1200	Net Change in Fund Balances	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds

225	240	242	244	255	263
IDEA-B Preschool	National School Breakfast and Lunch Program	Summer Feeding Program	Career and Technical Basic	ESEA Title II Part A Training	Title III ELA
\$ -	\$ 359,969	\$ -	\$ -	\$ -	\$ -
-	103,597	12,122	-	-	-
47,972	4,880,569	708,737	152,316	370,941	175,333
<u>47,972</u>	<u>5,344,135</u>	<u>720,859</u>	<u>152,316</u>	<u>370,941</u>	<u>175,333</u>
47,972	-	-	71,907	-	-
-	-	-	-	-	-
-	-	-	-	366,643	173,806
-	-	-	-	4,298	1,527
-	-	-	-	-	-
-	-	-	80,409	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	5,213,220	528,288	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>47,972</u>	<u>5,213,220</u>	<u>528,288</u>	<u>152,316</u>	<u>370,941</u>	<u>175,333</u>
-	130,915	192,571	-	-	-
-	-	5,257	-	-	-
<u>\$ -</u>	<u>\$ 130,915</u>	<u>\$ 197,828</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 2)
For the Year Ended August 31, 2020

Data Control Codes		Special Revenue Funds			
		270	272	289	386
		Title V, Part B Rural & Low Income School	Medicaid Admin. Claim MAC	Miscellaneous Federal Grants	Regional Day School for the Deaf
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	48,387
5900	Federal program revenues	184,320	54,177	232,643	-
5020	Total Revenues	<u>184,320</u>	<u>54,177</u>	<u>232,643</u>	<u>48,387</u>
Expenditures					
Current:					
0011	Instruction	86,973	-	136,790	48,387
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum/instructional staff development	97,347	-	83,527	-
0021	Instructional leadership	-	-	6,045	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-
0033	Health services	-	55,035	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0051	Plant maintenance and operations	-	-	1,541	-
0052	Security and monitoring services	-	-	4,740	-
0061	Community services	-	-	-	-
6030	Total Expenditures	<u>184,320</u>	<u>55,035</u>	<u>232,643</u>	<u>48,387</u>
1200	Net Change in Fund Balances	-	(858)	-	-
0100	Beginning fund balances	<u>-</u>	<u>32,562</u>	<u>1,905</u>	<u>-</u>
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ 31,704</u>	<u>\$ 1,905</u>	<u>\$ -</u>

Special Revenue Funds							
397	410	429	461	482	487		Total Nonmajor Governmental Funds
Advanced Placement Incentives	State Textbook	Miscellaneous State Special Revenue Program	Campus Activity	Loss Prevention Grant	Healthy Futures of Texas		
\$ -	\$ -	\$ -	\$ 60,167	\$ -	\$ 89,345	\$ -	\$ 509,482
151	414,688	741,676	-	-	142,739	-	1,463,360
-	-	-	-	-	-	-	14,413,739
151	414,688	741,676	60,167	-	232,084	-	16,386,581
-	414,688	8,978	262	-	-	-	6,111,901
-	-	-	23,150	-	-	-	86,277
-	-	227,593	-	-	911	-	1,032,191
-	-	19,070	-	-	-	-	436,888
-	-	-	560	-	30,534	-	32,396
-	-	24,320	39	-	-	-	690,759
-	-	-	-	-	-	-	149,397
-	-	-	-	-	-	-	101,789
-	-	-	-	-	215,055	-	5,973,007
-	-	-	32,528	-	-	-	32,528
-	-	-	-	-	-	-	162,019
-	-	163,791	-	-	-	-	168,891
-	-	-	-	-	-	-	798,623
-	414,688	443,752	56,539	-	246,500	-	15,776,666
151	-	297,924	3,628	-	(14,416)	-	609,915
-	15,576	-	110,876	1,000	27,110	-	194,286
\$ 151	\$ 15,576	\$ 297,924	\$ 114,504	\$ 1,000	\$ 12,694	\$ -	\$ 804,201

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Year Ended August 31, 2020

Last Ten Fiscal Years	1		2		3	
	Tax Rates		Tax Rates		Net Assessed/ Appraised Value For School Tax Purposes	
	Maintenance	Debt Service	Maintenance	Debt Service	Value For School Tax Purposes	
2011 and prior	Various		Various		Various	
2012	\$ 1.0400	\$ 0.1487	\$ 1,366,457,781			
2013	\$ 1.0400	\$ 0.1395	\$ 1,392,619,198			
2014	\$ 1.0400	\$ 0.1324	\$ 1,495,975,941			
2015	\$ 1.0400	\$ 0.1279	\$ 1,537,636,267			
2016	\$ 1.0400	\$ 0.1203	\$ 1,562,522,724			
2017	\$ 1.0400	\$ 0.1198	\$ 1,657,294,791			
2018	\$ 1.0400	\$ 0.1198	\$ 1,673,625,065			
2019	\$ 1.1598	\$ -	\$ 1,818,164,684			
2020	\$ 1.0617	\$ -	\$ 2,000,294,331			

1000 Totals

10	20	31	32	40	50
Beginning Balance 9/1/19	Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 8/31/20
\$ 734,272	\$ -	\$ 10,142	\$ 1,397	\$ (180,654)	\$ 542,079
135,753	-	7,499	1,072	(217)	126,965
137,012	-	12,071	1,619	(230)	123,092
162,933	-	19,217	2,447	1,901	143,170
189,594	-	27,776	3,416	2,364	160,766
247,448	-	38,938	4,504	(2,177)	201,829
337,021	-	64,683	7,451	(3,781)	261,106
545,368	-	137,918	15,887	(6,383)	385,180
1,028,680	-	376,628	-	(31,921)	620,131
-	21,237,725	19,689,568	-	-	1,548,157
<u>\$ 3,518,081</u>	<u>\$ 21,237,725</u>	<u>\$ 20,384,440</u>	<u>\$ 37,793</u>	<u>\$ (221,098)</u>	<u>\$ 4,112,475</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 August 31, 2020

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ 473,300	\$ 359,759	\$ 359,969	\$ 210
5800	State program revenues	39,245	92,111	103,597	11,486
5900	Federal program revenues	5,605,320	4,628,027	4,880,569	252,542
5020	Total Revenues	<u>6,117,865</u>	<u>5,079,897</u>	<u>5,344,135</u>	<u>264,238</u>
Expenditures					
Current:					
0035	Food services	6,133,730	5,079,897	5,213,220	(133,323) *
0051	Plant maintenance and operations	53,900	-	-	-
6030	Total Expenditures	<u>6,187,630</u>	<u>5,079,897</u>	<u>5,213,220</u>	<u>(133,323)</u>
1200	Net Change in Fund Balance	(69,765)	-	130,915	130,915
0100	Beginning fund balance	-	-	-	-
3000	Ending Fund Balance	<u>\$ (69,765)</u>	<u>\$ -</u>	<u>\$ 130,915</u>	<u>\$ 130,915</u>

Notes to Supplementary Information:

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

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**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND - EXHIBIT J-3
For the Year Ended August 31, 2020

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ 73,500	\$ 92,104	\$ 78,854	\$ (13,250)
5020	Total Revenues	<u>73,500</u>	<u>92,104</u>	<u>78,854</u>	<u>(13,250)</u>
Expenditures					
Debt service:					
0071	Principal	1,362,050	434,619	428,208	6,411
0072	Interest	-	604,545	604,545	-
6030	Total Expenditures	<u>1,362,050</u>	<u>1,039,164</u>	<u>1,032,753</u>	<u>6,411</u>
1100	(Deficiency) of Revenues				
1100	(Under) Expenditures	<u>(1,288,550)</u>	<u>(947,060)</u>	<u>(953,899)</u>	<u>(6,839)</u>
Other Financing Sources (Uses):					
7911	Issuance of bonds	-	17,493	17,493	-
7915	Transfers in	-	-	374,899	374,899
8949	Other (uses)	-	-	(376,036)	(376,036) *
7080	Total Other Financing Sources	<u>-</u>	<u>17,493</u>	<u>16,356</u>	<u>(1,137)</u>
1200	Net Change in Fund Balance	<u>(1,288,550)</u>	<u>(929,567)</u>	<u>(937,543)</u>	<u>(7,976)</u>
0100	Beginning fund balance	937,543	937,543	937,543	-
3000	Ending Fund Balance	<u>\$ (351,007)</u>	<u>\$ 7,976</u>	<u>\$ -</u>	<u>\$ (7,976)</u>

Notes for Supplementary Information:

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

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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**

January 18, 2021

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 August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 18, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas



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

January 18, 2021

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

Report on Compliance for Each Major Federal Program

We have audited San Felipe Del Rio Consolidated Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2020. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

Report on Internal Control Over Compliance

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

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

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

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended August 31, 2020

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 August 31, 2020

A. SUMMARY OF AUDIT RESULTS

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, & 10.559	Child Nutrition Cluster
84.010	Title I, Part A
84.367A	Title II, Part A, Teacher and Principal
84.425D	Elementary and Secondary School Emergency Relief

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

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None Noted

C. FINDINGS – FEDERAL AWARDS

None Noted

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

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

For the Year Ended August 31, 2020

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA 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	\$ 125,512
<i>Passed Through State Department of Education</i>			
ESEA Title I, Part A	84.010A	20610101233901	3,009,969
ESEA Title I, Part A	84.010A	21610101233901	56,045
ESEA Title I, Part C	84.011	20615001233901	248,076
ESEA Title I, Part C	84.011	21615001233901	24,797
Title III, Part A	84.365A	20671001233901	148,296
Title III, Part A	84.365A	21671001233901	30,544
Career and Technical, Basic Grant	84.048	20420006233901	150,977
Career and Technical, Basic Grant	84.048	21420006233901	7,966
Title II, Part A, Teacher and Principal	84.367A	19694501233901	7,256
Title II, Part A, Teacher and Principal	84.367A	20694501233901	378,823
Title II, Part A, Teacher and Principal	84.367A	21694501233901	1,055
COVID-19, Elementary and Secondary School Emergency Relief	84.425D	20521001233901	2,617,596
Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	20696001233901	192,256
Summer School LEP	84.369A	69551802	362
Summer School LEP	84.369A	69551902	6,678
Title IV, Part A, Subpart 1	84.424A	19680101233901	704
Title IV, Part A, Subpart 1	84.424A	20680101233901	229,328
Title IV, Part A, Subpart 1	84.424A	21680101233901	150
Special Education Cluster:			
IDEA B, Formula Grant*	84.027	206600012339016000	1,863,312
IDEA B, Formula Grant*	84.027	216600012339016000	52,581
IDEA B, Preschool*	84.173	206610012339016000	50,066
TOTAL U.S. DEPARTMENT OF EDUCATION			9,202,349

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 August 31, 2020

(1)	(2)	(2A)	(3)
<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
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	529-07-0157-00118	\$ 54,177
<i>Passed Through State Department of Education</i>			
Head Start	93.600	06CH011187-01-00	2,332,455
Head Start COVID-19 and Summer School	93.600	06CH011187-01-C3	239,087
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,625,719</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through State Department of Agriculture</i>			
Child Nutrition Cluster:			
School Breakfast Program*	10.553	806780706	1,026,744
National School Lunch Program - Cash Assistance*	10.555	806780706	3,345,188
Summer Feeding Program*	10.559	806780706	708,737
Food Distribution Cluster:			
National School Lunch Program - Non-Cash Assistance	10.565	806780706	508,637
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>5,589,306</u>
U.S. DEPARTMENT OF DEFENSE			
<i>Direct Program</i>			
ROTC	12.000	233-901	108,480
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>108,480</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 17,525,854</u>

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

The accompanying notes are an integral part of this schedule.

Federal revenue per SEFA	\$ 17,525,854
SHARS	700,963
Universal E-Rate	73,075
C-2 Federal revenue	<u>\$ 18,299,892</u>

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2020

NOTE 1: BASIS OF PRESENTATION

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

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

NOTE 4: DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of the donated PPE, but such amounts are not included in the SEFA. The District estimates the value of donated PPE to be \$29,585 during the reporting year.

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*SCHEDULE OF REQUIRED RESPONSES TO
SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1*
For the Year Ended August 31, 2020

<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>\$ 1,499,755</u>

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