# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
P.O. BOX 368 – SANTA ROSA, TEXAS 78593
WWW.SRTX.ORG

# Santa Rosa

# Independent School District

## Santa Rosa, Texas

## Annual Comprehensive Financial Report

## For the Year Ended June 30, 2022

## Prepared by the Business Office:

Mrs. Marisa Cuevas, Chief Financial Officer

*Santa Rosa Independent School District*
*P.O. Box 368*
*Santa Rosa, Texas 78593*
*www.srtx.org*

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# INTRODUCTORY SECTION

*"Warriors On the Move –*

*Education On the Rise"*

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# SANTA ROSA INDEPENDENT SCHOOL DISTRICT

Santa Rosa, Texas

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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# Santa Rosa Independent School District

P.O. Box 368 * Santa Rosa, Texas 78593
Telephone (956) 636-9800 * Fax (956) 636-1439

*"Once a Warrior, Always a Warrior"*


**November 21, 2022**

**Mrs. Kelly Ballin, President,**
**Members of the Board of Trustees, and**
**Citizens of the Santa Rosa Independent School District**
**Santa Rosa, Texas 78593**

Dear Mrs. Ballin, Board of Trustees, and Citizens:

We are pleased to present the Santa Rosa Independent School District (the "District") Annual Comprehensive Financial Report (ACFR) for the 12 months ending June 30, 2022. The report was prepared by the Business Office. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures contained in the report, rests solely with the District.

The District's annual audited financial statements of the governmental activities, each major fund, and the aggregate remaining fund information are presented in conformity with requirements established by the Texas Education Agency in their Financial Accountability Systems Resource Guide. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statement in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designated to provide, reasonable rather than absolute, assurance that the financial statement will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's independent auditors were **Carr, Riggs & Ingram, LLC** and their opinion letter is hereby made a part of this report. Texas law requires that each public school district in the state undergo an annual audit conducted by an independent audit firm of certified public accountants and publish within one-hundred fifty days of the close of each fiscal year a complete set of financial statements. This audit must be done in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

The goal of the independent audit was to provide reasonable assurance that the financial statements of Santa Rosa Independent School District for 12 months ended June 30, 2022, are free of material misstatement and are presented in conformity with generally accepted accounting principles (GAAP). The independent audit involved examining, on a test basis, evidence supporting the

amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designated to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statement, but also on the audited government's internal controls and compliance with legal requirement, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' reports on the internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the Federal Awards Section of the report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

This annual comprehensive financial report consists of four major sections: (1) the Introductory Section which describes our District and the contents of the report; (2) the Financial Section which contains the basic financial statements and notes, combining schedules and required TEA schedules; (3) the Statistical Section which shows prior years information for comparison purposes and other general information; and (4) the Federal Awards Section, as required.

## GOVERNING BODY

Santa Rosa Independent School District ("District") is a political subdivision of the State of Texas. The District encompasses approximately 26 square miles and is located near the Gulf of Mexico in Cameron County in the southwest corner of Texas. The District serves primarily the City of Santa Rosa and is located ten miles west of the City of Harlingen on State Highway 107.

The policy-making functions of the District lie with a seven-member Board of Trustees (the Board) composed of District residents, each of which is elected by the voters of the district for three-year staggered terms. Regular meetings are scheduled the third Monday of the month and are held in the Library of the Santa Rosa High School. Special called meetings, committee meetings and workshop sessions are scheduled as needed and announced to the public in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, the court system and by the will of its citizens as expressed in school Board elections and bond referendums. Board decisions are based on a majority vote of those present.

In general, the Board is responsible for adopting policy, employing and evaluating the Superintendent and overseeing the operations of the District and its schools. The Board is also responsible for setting the tax rate, adopting the annual budget along with periodic amendments, setting salary schedules, approving pay increases and serving as a board of appeals in personnel and student matters. The Board receives funding from local, state and federal source entities. This report contains all funds pertaining to the District. Serving without compensation, Board members establish the policies by which schools operate. In carrying out the task of setting policy, the board identifies needs and establishes priorities for the school system, allocates financial and human resources among the priority areas and evaluates school performance. The District's Superintendent of Schools and staff assist the Board with financial and administrative matters and oversee the day-to-day operations of the District.

*Budgetary Controls*

On an annual basis, the District presents the Board of Trustees with the proposed budgets for the General Operating Fund, the Debt Service Fund, and the Food Service Fund for approval as required by the Texas Education Code and as described in the Texas Education Agency's Financial Accountability Systems Resource Guide. The proposed budget is presented to the Board summarized at the function level for each of the funds above. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the District's fiscal year. After adoption of the budget, the appropriation amounts are entered into the District's accounting and encumbrance system and monitoring of the expenditures and encumbrances in relation to the approved budget begins.

Budget managers have the authority to approve budget transfers anytime during the year. A budget transfer is the movement of appropriations between budget line items within the same function. Any request to move appropriations between budget line items to different functions is considered a budget amendment. Any budget amendment requested by budget managers requires Board approval. Expenditure requests will not be processed unless appropriations are available in the line item.

The District feels that the budgetary controls currently in place are adequate to ensure that expenditures remain within the approved budget and that the District complies with regulations established by the Texas Education Code and the Financial Accountability Systems Resource Guide.

The District evaluates the existing system of internal controls annually through self-evaluation and the annual independent financial and compliance audit. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from authorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: 1) the cost of controls should not exceed benefits expected to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

*Services Provided*

The District provides a safe and learning environment that ensures a quality education for grade levels Pre-kindergarten through the 12th grade. Beginning in the one elementary school, one middle schools, one alternative education program and extending through one high school, students study the essential elements of language arts, reading, science, mathematics, art, music, physical education and computer literacy. This includes a special education program for students with disabilities, occupational education, bilingual instruction for those with limited English proficiency, and specialized instruction for disadvantaged students.

*Enrollment*

Santa Rosa I.S.D is a Title I District and has a total enrollment of 849 students for the 2021-2022 school year. Of these students, 99.3% are Hispanic, 0.6% are White, 0.1% are Black or African American, 89.06% of the students are economically disadvantaged, 71.53% of the students are At-Risk, 13.4% of all students are identified as English learners.

The breakdown of our student membership is as follows:

| | |
|---|---|
| • Pre-K | 25 |
| • K-5 | 339 |
| • 6-8 | 202 |
| • 9-12 | 283 |
| TOTAL | 849 |

COVIC 19-pandemic is still an ongoing issue throughout the state, which has affected not only the way students receive their education, but also enrollment to schools throughout the state. Many students have left the area because of the flooding in the past and have not returned to the district. During the 2021-2022 school year, we continued to see a decrease in our average daily attendance. The reason for this ongoing trend is because of our decrease in our student enrollment, so we are projecting our membership for the upcoming school year to continue in the same trend. The projected membership for the 2022-2023 school year is expected to reach 812.

*Mission Statement*

Santa Rosa Independent School District's mission is to furnish a safe haven where everyone is valued and respected. All staff members, in partnership with parents and families, are fully committed to successful student outcomes. We strive to prepare all students to be lifelong learners and responsible citizens ready to meet the challenges of the future.

*Long Range District Goals*

The long-range goal of Santa Rosa ISD is to create a transformative school district that ensures all students receive a high-quality education that results in every student's maximum individual achievement. We will recruit, support, and retain highly effective staff, educators, and administrators and afford them the resources and preparation needed to maximize efficiency and

student achievement. We will maintain financial stability while continuing to improve academics, technology, extracurricular programs, and facilities. We will maintain strong communication between teachers, parents, students, and business partners to meet student academic and social-emotional needs. We will create secure, safe, clean welcoming environments that provide students/staff with the social-emotional and mental health supports needed to create a positive work and learning environment.

*Achievements*

The District received a Superior rating on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system for the fiscal year ending June 30, 2021. The rating system was established during the 77th Legislative session. School districts received its first official rating by TEA in August 2003 for the fiscal year 2001-2002.

## Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within the District operates.

### Local Economy

*Employment and the Labor Force*

Santa Rosa is a strategically positioned land port that connects La Feria and surrounding areas to State Highway 107. Agricultural production, transportation, and service sector continue to play a major role in the Santa Rosa area economy.

### Long-term Financial Planning and Major Initiatives

The District continues to maintain a healthy General Fund Balance. The District has maintained the fund balance to ensure that needed resources are available when required to meet unexpected revenue shortfalls and one-time expenditures that may exceed the annual available resources. If certain events occur during the year, the District may react with appropriate budget changes and or amendments as per CE (Local) Policy, "The expenditure of funds shall be under the direction of the Superintendent or designee who shall ensure that funds are expended in accordance with the adopted budget."

Growth in the District's tax base has continued, averaging 11.9% annual growth from fiscal years 2018-22. The District's fiscal 2022 taxable assessed valuation (TAV) grew to $123.4 million.

Some of the major initiatives for FY2022 were repairs that were done at the ag department, smartboards that were purchased for each campus, a fitness playground, a computer server for the district, and security cameras that were purchased using ESSER funds.

## Debt Service

Debt Service is a major area of cost due to the District's building program which is primarily financed by the sale of general obligation bonds. The Texas Education Code (TEC) authorizes the District to issue negotiable coupon bonds to construct, acquire, or equip school buildings, to purchase necessary sites, or to acquire or refinance property financed under a contract entered into under the Public Property Finance Act. The District is further authorized to levy and assess annual ad valorem taxes sufficient to pay the principal and interest on the bonds as they become due. The District's primary objective in debt management is to keep the level of indebtedness within available resources and within legal debt limitations.

All bond elections are held in accordance with statutory requirements and bonds are issued and taxes are levied in compliance with Sections 45.001, 45.003(b)(1), and 45.003(e) of the Texas Education Code.

As of June 30, 2022, the District had $7,130,000 of School Building Unlimited Tax Bonds and Refunding Bonds, with maturities extending into the year 2038. The District's Debt Service fund balance is $784,457 as of June 30, 2022.

## Rating

In October 2016, the District's bonds have been rated "AAA" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"). S&P generally rates all bonds guaranteed by the Permanent School Fund of Texas "AAA". The currently outstanding tax supported debt of the District has a rating of "AAA" by S&P by virtue of the Permanent School Fund Guarantee.

## Fiduciary Operations

The District maintains the fiduciary responsibility of monitoring the individual campus' student activity funds. The District ensures that proper control over cash is maintained and that all procedures are in accordance with TEA's Financial Accountability Systems Resource Guide. As of June 30, 2022, total assets for student activity funds were $58,121.

## Acknowledgments

The preparation of the Annual Comprehensive Financial Report on a timely basis could not have been accomplished without the commitment and dedicated services of the Business Office staff and other members district-wide. We would like to express our appreciation for their contributions to its presentation. The Business Office would like to thank the following personnel for the time and effort given to the preparation of this report:

**Administration**
Mrs. Yolanda Chapa, Superintendent
Mrs. Marisa Cuevas, Chief Financial Officer
Dr. Gregorio Camarillo, Curriculum & Instruction/Human Resources Director
Mr. Adrian Montemayor, High School Principal
Mr. Jacinto Sauceda, Middle School Principal

Mrs. Cynthia Hernandez, Elementary School Principal
Mr. Enrique Betancourt, Police Chief
Ms. Michelle Barrera, Food Services Director

**Business and Finance**
Mrs. Irma Grijalva, Superintendent/HR Secretary
Mrs. Leticia Lopez, Accounts Payable Clerk
Mrs. Angelica Rodriguez, Payroll Clerk
Mr. Richard Lopez, Fixed Assets & Shipping/Receiving Clerk
Mrs. Annabel Villarreal, Maintenance, Transportation, & Athletics Secretary
Mrs. Dina P. Vela, Federal Programs Coordinator

We would especially like to thank the District's Board of Trustees for their time, dedication and support to the District and its personnel and our independent auditor, Carr, Riggs, & Ingram, LLC, for their role in providing professional guidance and assistance in the preparation of this report.

Respectfully Submitted,

Marisa Cuevas

Mrs. Marisa Cuevas,
Chief Financial Officer

**It is the policy of the Santa Rosa Independent School District not to discriminate on the basis of race, color, national origin, gender, religion, limited English proficiency, or handicapping condition in its programs.**

# SANTA ROSA INDEPENDENT SCHOOL DISTRICT

Santa Rosa, Texas

## PRINCIPAL OFFICIALS, CONSULTANTS & ADVISORS

For the Year Ended June 30, 2022

### ELECTED OFFICIALS

| Board of Trustees | Length of Service | Term Expires | Occupation |
|---|---|---|---|
| Kelly Ballin, President | 1 Year, 2 Months | May 2024 | Draftsman |
| Juan Esparza, Vice-President | 1 Year, 2 Months | May 2024 | Business Owner |
| Alissa Perez, Secretary | 2 Months | May 2025 | President of Business |
| Mark Chairez, Trustee | 1 Year, 8 Months | May 2023 | Salesman |
| Rachel Olivarez, Trustee | 1 Year, 8 Months | May 2023 | Assistant Director |
| Juan Manuel Perez, Trustee | 6 Years, 2 Months | May 2025 | Respiratory Therapist |
| Lorenzo Ovalle, Trustee | 1 Year, 2 Months | May 2024 | Certified Pharmacy Technician |

### CONSULTANTS & ADVISORS

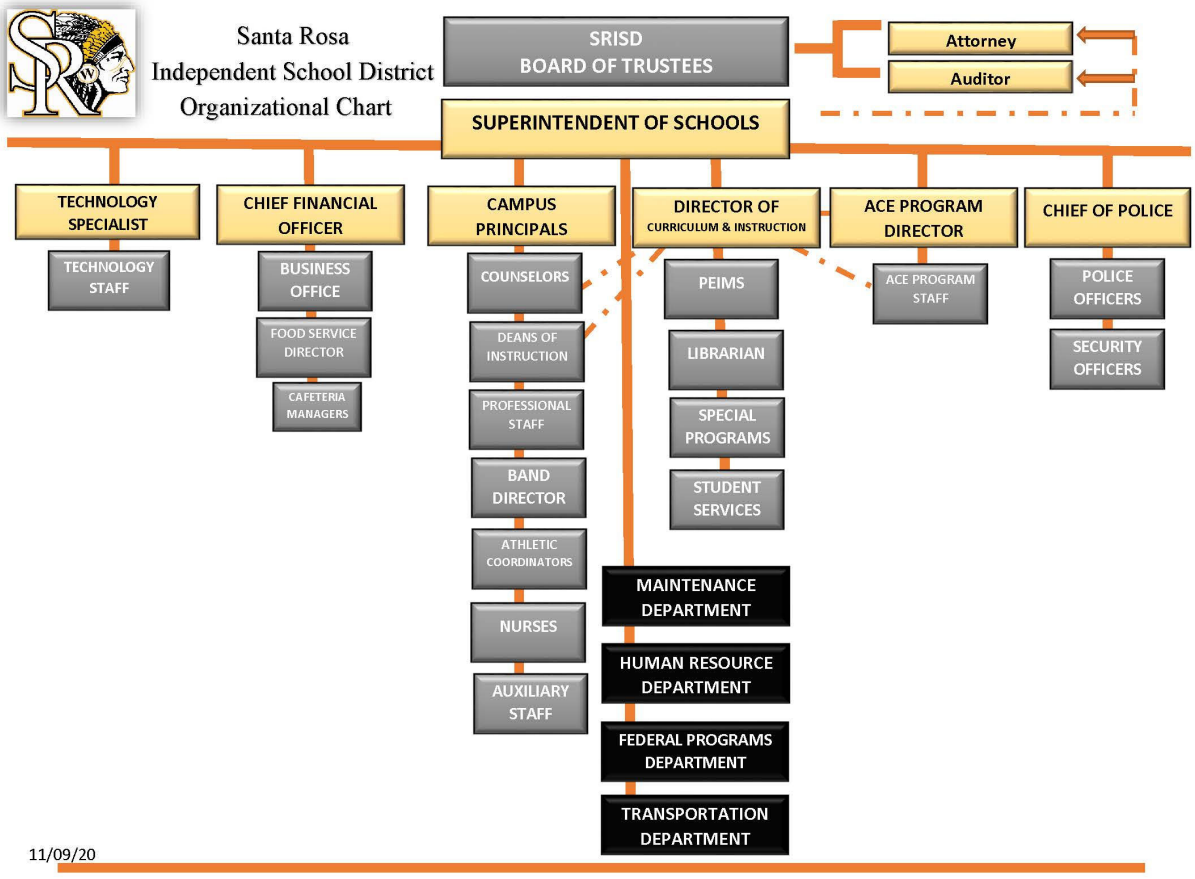
Financial Advisors ..... Estrada-Hinojosa & Company, Inc.
..... Dallas and San Antonio, Texas

General Counsel ..... O'Hanlon, Demerath & Castillo, P.C.
..... Austin, Texas

Independent Auditors ..... Carr, Riggs & Ingram, LLC
..... Harlingen, Texas

Bond Counsel .....Cantu Harden LLP.
.....San Antonio, Texas

# Santa Rosa Independent School District
# Organizational Chart



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## CERTIFICATE OF BOARD

| Santa Rosa Independent School District | Cameron | 031-914 |
|---|---|---|
| *Name of School District* | *County* | *County District Number* |

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and _X_ approved ___ disapproved for the year ended June 30, 2022 at the meeting of the Board of Trustees of such school district on the _21st_ day of November, 2022.

Signature of Board Secretary

Signature of Board President

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# FINANCIAL SECTION

*"Warriors On the Move –*

*Education On the Rise"*

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
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Harlingen, TX 78550-9122

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(956) 428-7520 (fax)
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**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees
Santa Rosa Independent School District

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Santa Rosa Independent School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

***Basis for Opinions***

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

***Change in Accounting Principle***

As described in Note 2 to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement no. 87, *Leases*. Our opinion is not modified with respect to this matter.

***Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

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presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

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

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***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and schedules related to net pension and OPEB liabilities on pages 19-32 and 85-96 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

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

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.

If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2022, on our consideration of the Santa Rosa Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
November 21, 2022

# MANAGEMENT'S DISCUSSION AND ANALYSIS
# FOR THE YEAR ENDED JUNE 30, 2022
# (UNAUDITED)

As management of the Santa Rosa Independent School District (the "District"), we are providing readers of the District's financial statements this narrative overview and analysis of the District's financial performance for the fiscal year ended June 30, 2022. Please read this discussion in conjunction with the transmittal letter, which can be found at the front of this report, and the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's total combined net position as reflected in the government-wide Statement of Net Position were $12,973,990 at June 30, 2022.

- The District's Statement of Activities reflects an increase in net position for Governmental Activities in the amount of $2,135,242. This is a result of revenues of $19,485,066 generated in taxes, state aid, investment earnings, and other revenues such as charges for services and federal grants exceeding operating expenses.

- The General Fund reported a fund balance in the governmental funds financial statement this year of $6,946,517. Approximately 95.3% of this total amount, $6,619,497, is available for spending at the District's discretion (unassigned fund balance).

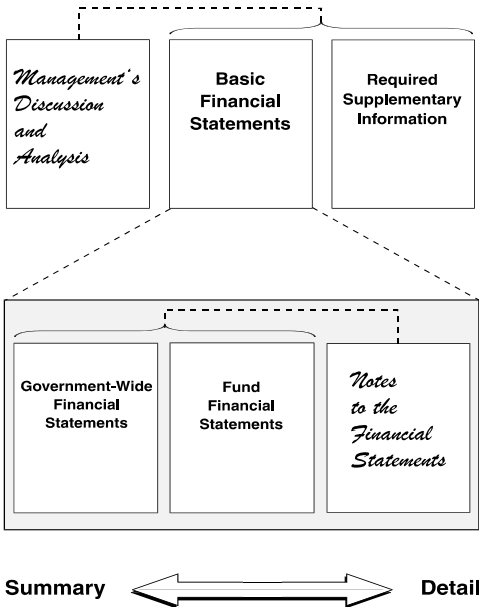
- As of the close of the fiscal year, the District governmental funds reported combined ending fund balances of $7,787,048, an increase of $814,244 in comparison with the prior year. This is primarily due to modest increases in property tax revenue collections and the implementation of GASB 87.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This 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 offer *short-* and *long-term* financial information about the activities the government operates *like businesses*. The District currently does not utilize any proprietary funds.
- *Fiduciary fund* statements provide information about the financial relationships in which the District's acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

**Figure A-1, Required Components of the District's Annual Financial Report**




The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements**

| | | Fund Statements | | |
|---|---|---|---|---|
| *Type of Statements* | **Government-wide** | **Governmental Funds** | **Proprietary Funds** | **Fiduciary Funds** |
| *Scope* | Entire Agency's government (except fiduciary funds) and the Agency's component units | The activities of the district that are not proprietary or fiduciary | Activities the district operates similar to private businesses: self insurance | Instances in which the district is the trustee or agent for someone else's resources |
| *Required financial statements* | • Statement of net assets<br>• Statement of activities | • Balance sheet<br>• Statement of revenues, expenditures & changes in fund balances | • Statement of net assets<br>• Statement of revenues, expenses and changes in fund net assets<br>• Statement of cash flows | • Statement of fiduciary net assets<br>• Statement of changes in fiduciary net assets |
| *Accounting basis and measurement focus* | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| *Type of asset/liability information* | All assets and liabilities, both financial and capital, short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term | All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can |
| *Type of inflow/outflow information* | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid | All revenues and expenses during year, regardless of when cash is received or paid |

## Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, curriculum and staff development, school district administrative support services and general administration. Grants and charges for services finance most of these activities.

## 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 accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.

- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain grants and local sources.

The District's 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, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning budget to actual presentations for the General Fund in accordance with State Board of Education rules. In addition, budget to actual presentations for the Food Service Fund and the Debt Service Fund are included in the TEA Required Schedules section.

The combining statements referred to earlier in connection with Nonmajor governmental funds are presented immediately following the Required Supplementary Information.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. The District's combined net position was $12,973,990 at June 30, 2022 (See Table A-1). The government-wide increase in net position was $2,135,242, primarily due to current year changes in net pension and net OPEB liabilities causing an increase in net position.

### TABLE A-1

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
**GOVERNMENTAL ACTIVITIES**
**NET POSITION**

| | FY 2022 | FY 2021 | Percentage Change |
|---|---|---|---|
| Current Assets and Other Assets | $9,559,105 | $8,562,304 | 11.6% |
| Capital Assets | 24,479,825 | 24,131,840 | 1.4% |
| Total Assets | 34,038,930 | 32,694,144 | 4.1% |
| Deferred Charge for Refunding | 259,969 | 278,940 | -6.8% |
| Deferred Outflow Related to TRS | 2,508,554 | 2,759,518 | -9.1% |
| Total Deferred Outflows of Resources | 2,768,523 | 3,038,458 | -8.9% |
| Current Liabilities | 1,544,058 | 1,382,345 | 11.7% |
| Long-Term Liabilities | 15,479,988 | 17,992,209 | -14.0% |
| Total Liabilities | 17,024,046 | 19,374,554 | -12.1% |
| Deferred Inflow Related to TRS | 6,809,417 | 5,519,300 | 23.4% |
| Total Deferred Inflows of Resources | 6,809,417 | 5,519,300 | 23.4% |
| Net Position: | | | |
| Net Investment in Capital Assets | 16,027,534 | 15,369,675 | 4.3% |
| Restricted for Federal and State Programs | 327,020 | 30,648 | 967.0% |
| Restricted for Debt Service | 800,414 | 1,057,600 | -24.3% |
| Restricted for Capital Projects | 490 | 318 | 54.1% |
| Restricted for Other Purposes | 55,584 | 55,584 | 0.0% |
| Unrestricted | (4,237,052) | (5,675,077) | -25.3% |
| Total Net Position | 12,973,990 | 10,838,748 | 19.7% |

Approximately 90.9% of the District's largest liability is for the repayment of general obligation bonds and pension liabilities. Other liabilities, representing about 9.1% of the District's total liabilities, consist almost entirely of payables on accounts and salaries and benefits. The largest portion of the District's net position, $16,027,534, reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes and state aid), since the capital assets themselves cannot be used to liquidate these liabilities.

The smallest portion of the District's net position (9.1%) represents resources that are subject to external restrictions on how they may be used. Restricted net position increased by $39,358 during the year ended June 30, 2022. The remaining balance of unrestricted net position is a deficit of $4,237,052 due to the large balances resulting from reporting the District's share of the Net Pension and Net OPEB liabilities. The District's current assets of $9,559,105 were sufficient to cover current liabilities of $1,544,058. This represents a current ratio of 6.19, which means that for every dollar the District owes there is $6.19 available in current assets.

## Governmental Activities

Governmental activities increased the District's total net position by $2,135,242, which increased the overall Net Position by 19.7%. See Table A-2 on the following page.

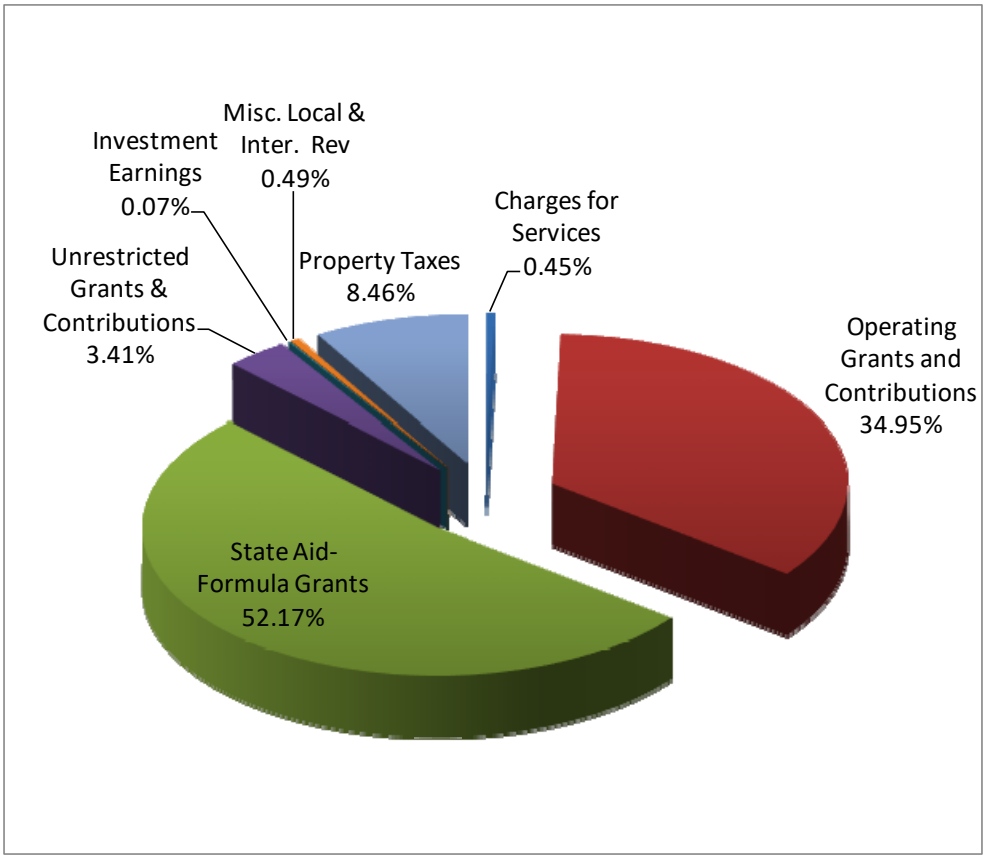
# TABLE A-2

## SANTA ROSA INDEPENDENT SCHOOL DISTRICT
## GOVERNMENTAL ACTIVITIES
## CHANGES IN NET POSITION

| **Program Revenues:** | **FY 2022** | **FY 2021** |
|---|---|---|
| Charges for Services | $88,389 | $41,792 |
| Operating Grants and Contributions | 6,810,906 | 4,537,307 |
| **General Revenues:** | | |
| State Aid - Formula Grants | 10,164,739 | 11,015,838 |
| Grants and Contributions not Restricted | 664,033 | 916,371 |
| Investment Earnings | 14,386 | 18,115 |
| Miscellaneous Local and Intermediate Revenue | 95,112 | 80,941 |
| Property Taxes | 1,647,501 | 1,422,028 |
| **Total Program and General Revenues** | **19,485,066** | **18,032,392** |
| **Expenses** | | |
| Instruction | 8,252,578 | 7,759,031 |
| Instructional Resources and Media Services | 174,992 | 172,395 |
| Curriculum and Staff Development | 285,896 | 220,308 |
| Instructional Leadership | 169,989 | 147,121 |
| School Leadership | 806,635 | 646,520 |
| Guidance, Counseling and Evaluation Services | 342,712 | 421,104 |
| Social Work Services | - | 69,260 |
| Health Services | 265,537 | 214,264 |
| Student (Pupil) Transportation | 175,339 | 181,439 |
| Food Services | 848,010 | 667,280 |
| Extracurricular Activities | 844,552 | 583,502 |
| General Administration | 640,055 | 913,702 |
| Facilities Maintenance and Operations | 2,768,042 | 2,432,481 |
| Security and Monitoring Services | 277,947 | 261,442 |
| Data Processing Services | 359,697 | 642,373 |
| Community Services | 24,537 | 22,702 |
| Debt Service - Interest on Long Term Debt | 239,570 | 251,035 |
| Debt Service - Bond Issuance Costs and Fees | 750 | 750 |
| Facilities Acquisition and Construction | 2 | - |
| Payments related to Shared Services Arrangements | 853,317 | 826,924 |
| Other Intergovernmental Charges | 19,667 | 16,996 |
| **Total Expenses** | **17,349,824** | **16,450,629** |
| **Increase (Decrease) in Net Position** | **2,135,242** | **1,581,763** |
| **Net Position at Beginning of Year** | **$10,838,748** | **$9,256,985** |
| **Increase (Decrease) in Net Position** | **2,135,242** | **1,581,763** |
| **Net Position at End of Year** | **$12,973,990** | **$10,838,748** |

The following chart highlights the District's revenues by funding source for the governmental activities. As you can see, State Aid comprises 52.17% of the total.

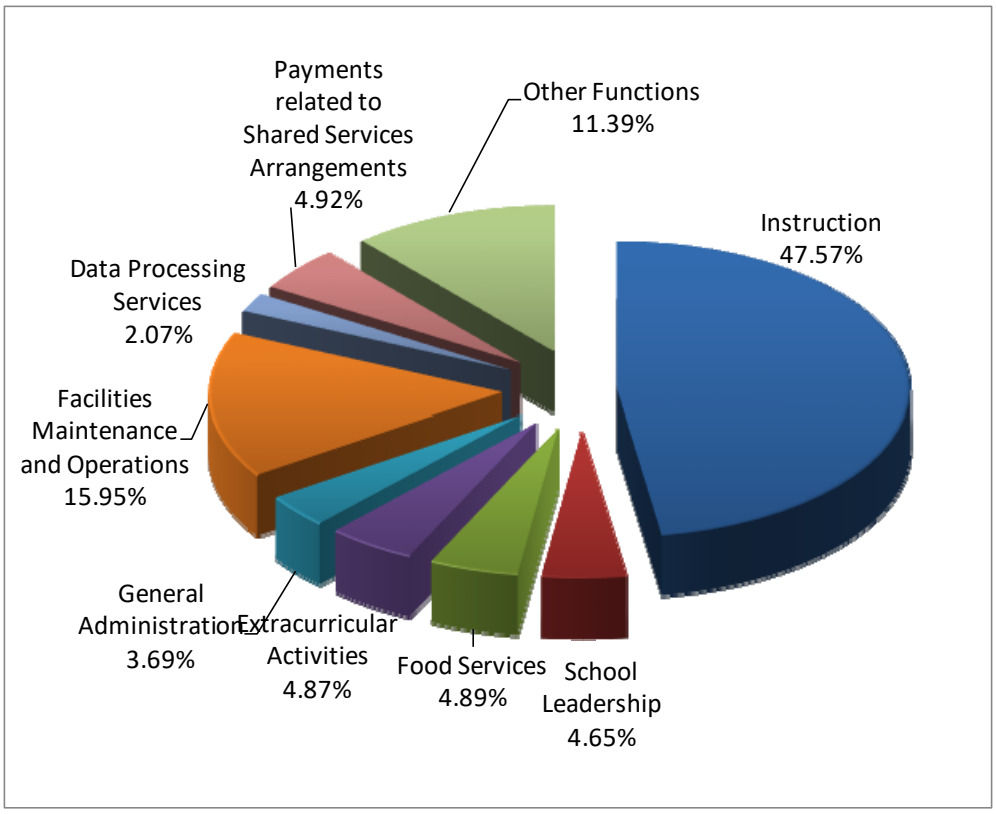
**Figure A-3 District's Total Revenues**




Total revenues were $19,485,066. Revenues for the District's governmental activities increased 8.1% compared to prior year. The increase was due to increased funding from operating grants and contributions primarily pertaining to support from COVID-19 funding received.

The next chart presents the cost of each of the District's largest functions. Of the total expenses, instructional services represent the largest dollar expense at $8,252,578 or 47.57%, followed by facilities maintenance & operations at $2,768,042 or 15.95%.

## Figure A-4 District's Functional Expenses




Total expenses were $17,349,824. Total expenses increased by $899,195 or 5.5%. The increase in expenses is attributed to personnel that were hired due to COVID-19 funding to bridge the learning gap. Other expenses increased for the district as students returned to on-campus learning as compared to prior year.

## Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the District's governmental funds reported combined ending fund balances of $7,787,048, an increase of $814,244 in comparison with the prior year. Approximately 85.0% or $6,619,497 of this total amount constitutes unassigned fund balance, which is available for spending at the district's discretion. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for new spending because it has already been assigned: 1) Federal or State Funds Grant Restriction $303,970, 2) Retirement of Long Term Debt $784,457, 3) Capital and other restrictions of $56,074, and 3) Nonspendable for inventories and prepayments of $17,348 and $5,702, respectively.

*General Fund*. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General fund was $6,619,497, while total fund balance reached $6,946,517. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 49.1% of total general fund expenditures, while total fund balance represents 51.5% of total general fund expenditures. The fund balance increased by $1,072,505 during the year. This increase was primarily driven by an increase in property taxes due to an increase in the underlying assessed value of property in the District. In addition, a significant amount of expenditures were funded by ESSER II and ESSER III grant funds, which reduced the amount of expenditures directly funded out of the general fund. ESSER II and ESSER III were also major funds in the current year. These funds account for revenues and expenditures of the Elementary and Secondary School Emergency Relief Fund. These funds were awarded as part of the relief awarded to School Districts as a response to the COVID-19 pandemic. ESSER II funded $1,602,332 of a variety of expenditures and ESSER III funded $1,546,260 of expenditures for the District. The majority of expenditures funded were for instructional purposes.

The $6,619,497 of unassigned fund balance gives the District a balance that is the equivalent of 179.11 days of expenditures. This fund balance is adequate to minimize the likelihood of the District entering the short-term debt market to pay for current operating expenditures.

*Debt Service Fund*. The Debt Service Fund ended with a total combined fund balance of $784,457, all of which was reserved for the payment of debt service. This amount was set aside to help repay bond issues. The decrease in fund balance in the current year of $258,433 was the result of reduced state program revenues received compared to prior year.

## District's Analysis of Debt Service Fund

| | Debt Service Fund (599) | | |
|---|---|---|---|
| | 2022 | 2021 | % Change |
| Revenues | | | |
| Property Taxes | $ 341,374 | $ 296,899 | 15.0% |
| State Program Revenues | 425,643 | 748,903 | -43.2% |
| Total Revenues | 767,017 | 1,045,802 | -26.7% |
| | | | |
| Expenditures by Function | | | |
| Principal Long Term Debt | 725,000 | 695,000 | 4.3% |
| Interest on Long Term Debt | 299,700 | 328,100 | -8.7% |
| Other Fees | 750 | 750 | 0.0% |
| Total Expenditures | 1,025,450 | 1,023,850 | 0.2% |
| | | | |
| Net Change in Fund Balance | (258,433) | 21,952 | -1277.3% |
| Fund Balance, Beginning | 1,042,890 | 1,020,938 | 2.2% |
| Fund Balance, Ending | $ 784,457 | $ 1,042,890 | -24.8% |

### Business-Type Activities

The District did not have any business type of activities.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled $20,187,914 an increase of 12.9% over the preceding year. The increase is mainly attributed to federal and state revenues, which increased as a result of the number of grants running concurrently and the amount of grants the district received during the fiscal year.

### General Fund Budgetary Highlights

The FY 2021-2022 budget was developed by balancing the challenges of operating a small district whose enrollment has been declining while maintaining the same property tax rate. The most significant fund for the District is the General Fund, funded primarily through state aid and property tax revenue. Over the course of the year, the District revised its budget several times.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

The Capital Projects Fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students in the District. At the end of 2022, the District had

invested $24,479,825 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represents an increase of $347,985 over last year. For readers interested in more detailed information please refer to Note 3 of the financials in the section titled "Capital Assets."

## TABLE A-3

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
**GOVERNMENTAL ACTIVITIES**
**SCHEDULE OF CAPITAL ASSETS**

| Capital Assets | FYE 2022 | FYE 2021 | Percentage Change |
|---|---|---|---|
| Land | $ 265,271 | $ 265,271 | 0.0% |
| Buildings and Improvements | 34,833,755 | 34,660,007 | 0.5% |
| Furniture & Equipment | 6,794,108 | 6,248,430 | 8.7% |
| Lease assets | 723,599 | - | 100.0% |
| Totals at Historical Cost | 42,616,733 | 41,173,708 | 3.5% |
| Less Accumulated Depreciation | (18,136,908) | (17,041,868) | 6.4% |
| Net Capital Assets | $ 24,479,825 | $ 24,131,840 | 1.4% |

## LONG TERM DEBT

At year end, the District has $15,479,988 in bonds, premium, compensated absences, equipment financing arrangement, leases, net pension liability and net OPEB liability outstanding as shown in Table A-4. More detailed information about the District's debt is presented in Note 2 to the financial statements in the section titled "Long-term Obligations."

## TABLE A-4

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
**GOVERNMENTAL ACTIVITIES**
**SCHEDULE OF LONG-TERM DEBT**

| Governmental Activities: | FYE 2022 | FYE 2021 | Percentage Change |
|---|---|---|---|
| Bonds Payable | $7,130,000 | $7,855,000 | -9.2% |
| Unamortized Bond Premium | 540,579 | 645,440 | -16.2% |
| Compensated Absences | 47,925 | 48,870 | -1.9% |
| Equipment financing arrangement | 397,188 | 540,655 | -26.5% |
| Leases | 644,493 | - | 100.0% |
| Net Pension Liability | 2,060,562 | 4,204,272 | -51.0% |
| Net OPEB Liability | 4,659,241 | 4,697,962 | -0.8% |
| Totals | $15,479,988 | $17,992,199 | 16.2% |

**Bond Ratings**: The District's bonds carry "AAA" rating by Fitch based on a guaranty provided by the Texas Permanent School Fund (PSF), whose bond guaranty program is rated "AAA" by Fitch.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's board members considered many factors when setting the fiscal year 2022-2023 budget and tax rates. Some of these factors were the district needs, the campus needs, appraised values, and the Santa Rosa economy. The following factors are highlights of the budget:

- The Average Daily Attendance (ADA) is projected to decrease in fiscal year 2022-2023. The District's 2022-2023 ADA is projected to be 760 which reflects a 3.6% decrease.

- The total budgeted tax rate is $1.34342 which is composed of $0.942900 compressed rate for maintenance and operations and $0.400520 for the payment of principal and interest on bonds. Based on HB3, third year of tax rate compression and the increase to the rate for the payment of principal and interest on bonds, the tax rate increased $0.090689.

- The taxable value used for the 2022-2023 budget preparation is $142,138,177 from the previous year, which is an increase of 32.9%

These indicators were taken into account when adopting the general fund budget for fiscal year 2022-2023. Amounts available for appropriation in the general fund budget for 2023 are $13,112,787, a decrease of 2.0% versus the final 2022 budget of $13,771,539.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT DEPARTMENT

This annual comprehensive financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mrs. Marisa Cuevas, Chief Financial Officer, Business Office, Santa Rosa I.S.D., P.O. Box 368, Santa Rosa, Texas 78593, by calling (956) 636-9815, or by emailing cuevasm@srtx.org.

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# BASIC FINANCIAL STATEMENTS

*"Warriors On the Move –*

*Education On the Rise"*

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

| Data Control Codes | | Primary Government Governmental Activities |
|---|---|---|
| **ASSETS** | | |
| 1110 | Cash and Cash Equivalents | $ 7,574,578 |
| 1220 | Property Taxes - Delinquent | 404,305 |
| 1230 | Allowance for Uncollectible Taxes | (17,796) |
| 1240 | Due from Other Governments | 1,516,137 |
| 1290 | Other Receivables, Net | 58,831 |
| 1300 | Inventories | 17,348 |
| 1410 | Prepayments | 5,702 |
| | Capital Assets: | |
| 1510 | Land | 265,271 |
| 1520 | Buildings, Net | 22,376,725 |
| 1530 | Furniture and Equipment, Net | 1,196,905 |
| 1550 | Right-to-Use Leased Assets, Net | 640,924 |
| 1000 | Total Assets | 34,038,930 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| 1701 | Deferred Charge for Refunding | 259,969 |
| 1705 | Deferred Outflow Related to TRS Pension | 1,375,282 |
| 1706 | Deferred Outflow Related to TRS OPEB | 1,133,272 |
| 1700 | Total Deferred Outflows of Resources | 2,768,523 |
| **LIABILITIES** | | |
| 2110 | Accounts Payable | 113,142 |
| 2140 | Interest Payable | 114,223 |
| 2150 | Payroll Deductions and Withholdings | 510 |
| 2160 | Accrued Wages Payable | 1,086,724 |
| 2180 | Due to Other Governments | 223,290 |
| 2190 | Due to Student Groups | 1,098 |
| 2300 | Unearned Revenue | 5,071 |
| | Noncurrent Liabilities: | |
| 2501 | Due Within One Year: Loans, Note, Leases, etc. | 1,174,083 |
| | Due in More than One Year: | |
| 2502 | Bonds, Notes, Loans, Leases, etc. | 7,586,102 |
| 2540 | Net Pension Liability (District's Share) | 2,060,562 |
| 2545 | Net OPEB Liability (District's Share) | 4,659,241 |
| 2000 | Total Liabilities | 17,024,046 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| 2605 | Deferred Inflow Related to TRS Pension | 2,658,109 |
| 2606 | Deferred Inflow Related to TRS OPEB | 4,151,308 |
| 2600 | Total Deferred Inflows of Resources | 6,809,417 |
| **NET POSITION** | | |
| 3200 | Net Investment in Capital Assets | 16,027,534 |
| | Restricted: | |
| 3820 | Restricted for Federal and State Programs | 327,020 |
| 3850 | Restricted for Debt Service | 800,414 |
| 3860 | Restricted for Capital Projects | 490 |
| 3890 | Restricted for Other Purposes | 55,584 |
| 3900 | Unrestricted | (4,237,052) |
| 3000 | Total Net Position | $ 12,973,990 |

The notes to the financial statements are an integral part of this statement.

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | | 1 | Program Revenues 3 | 4 | Net (Expense) Revenue and Changes in Net Position 6 |
|---|---|---|---|---|---|
| | | Expenses | Charges for Services | Operating Grants and Contributions | Primary Gov. Governmental Activities |
| **Primary Government:** | | | | | |
| | GOVERNMENTAL ACTIVITIES: | | | | |
| 11 | Instruction | $ 8,252,580 | $ - | $ 3,480,304 | $ (4,772,276) |
| 12 | Instructional Resources and Media Services | 174,992 | - | 102,592 | (72,400) |
| 13 | Curriculum and Instructional Staff Development | 285,896 | - | 191,897 | (93,999) |
| 21 | Instructional Leadership | 169,989 | - | 176,205 | 6,216 |
| 23 | School Leadership | 806,635 | - | 86,770 | (719,865) |
| 31 | Guidance, Counseling, and Evaluation Services | 342,712 | - | 102,681 | (240,031) |
| 33 | Health Services | 265,537 | - | 124,209 | (141,328) |
| 34 | Student (Pupil) Transportation | 175,339 | - | 30,262 | (145,077) |
| 35 | Food Services | 848,010 | 58,453 | 1,063,435 | 273,878 |
| 36 | Extracurricular Activities | 844,552 | 29,936 | 2,348 | (812,268) |
| 41 | General Administration | 640,055 | - | 363,518 | (276,537) |
| 51 | Facilities Maintenance and Operations | 2,768,042 | - | 249,656 | (2,518,386) |
| 52 | Security and Monitoring Services | 277,947 | - | 45,449 | (232,498) |
| 53 | Data Processing Services | 359,697 | - | 143,791 | (215,906) |
| 61 | Community Services | 24,537 | - | 23,125 | (1,412) |
| 72 | Debt Service - Interest on Long-Term Debt | 239,570 | - | - | (239,570) |
| 73 | Debt Service - Bond Issuance Cost and Fees | 750 | - | - | (750) |
| 93 | Payments Related to Shared Services Arrangements | 853,317 | - | 624,664 | (228,653) |
| 99 | Other Intergovernmental Charges | 19,667 | - | - | (19,667) |
| | [TP] TOTAL PRIMARY GOVERNMENT: | $ 17,349,824 | $ 88,389 | $ 6,810,906 | (10,450,529) |

| Data Control Codes | | |
|---|---|---|
| | General Revenues: | |
| | Taxes: | |
| MT | Property Taxes, Levied for General Purposes | 1,305,159 |
| DT | Property Taxes, Levied for Debt Service | 342,342 |
| SF | State Aid - Formula Grants | 10,164,739 |
| GC | Grants and Contributions not Restricted | 664,033 |
| IE | Investment Earnings | 14,386 |
| MI | Miscellaneous Local and Intermediate Revenue | 95,112 |
| TR | Total General Revenues | 12,585,771 |
| CN | Change in Net Position | 2,135,242 |
| NB | Net Position - Beginning | 10,838,748 |
| NE | Net Position - Ending | $ 12,973,990 |

The notes to the financial statements are an integral part of this statement.

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SANTA ROSA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

| Data Control Codes | | 10 General Fund | ESSER II | ESSER III |
|---|---|---|---|---|
| | ASSETS | | | |
| 1110 | Cash and Cash Equivalents | $ 6,434,650 | $ - | $ - |
| 1220 | Property Taxes - Delinquent | 324,310 | - | - |
| 1230 | Allowance for Uncollectible Taxes | (14,092) | - | - |
| 1240 | Due from Other Governments | 281,024 | 361,880 | 389,277 |
| 1260 | Due from Other Funds | 1,213,248 | - | - |
| 1290 | Other Receivables | 9,198 | - | - |
| 1300 | Inventories | 17,348 | - | - |
| 1410 | Prepayments | 5,702 | - | - |
| 1000 | Total Assets | $ 8,271,388 | $ 361,880 | $ 389,277 |
| | LIABILITIES | | | |
| 2110 | Accounts Payable | $ 113,142 | $ - | $ - |
| 2150 | Payroll Deductions and Withholdings Payable | 510 | - | - |
| 2160 | Accrued Wages Payable | 885,098 | 9,832 | 72,437 |
| 2170 | Due to Other Funds | 49,908 | 350,776 | 312,168 |
| 2180 | Due to Other Governments | - | 1,272 | 4,672 |
| 2190 | Due to Student Groups | 1,098 | - | - |
| 2300 | Unearned Revenue | - | - | - |
| 2000 | Total Liabilities | 1,049,756 | 361,880 | 389,277 |
| | DEFERRED INFLOWS OF RESOURCES | | | |
| 2601 | Unavailable Revenue - Property Taxes | 275,115 | - | - |
| 2600 | Total Deferred Inflows of Resources | 275,115 | - | - |
| | FUND BALANCES | | | |
| | Nonspendable Fund Balance: | | | |
| 3410 | Inventories | 17,348 | - | - |
| 3430 | Prepaid Items | 5,702 | - | - |
| | Restricted Fund Balance: | | | |
| 3450 | Federal or State Funds Grant Restriction | 303,970 | - | - |
| 3470 | Capital Acquisition and Contractual Obligation | - | - | - |
| 3480 | Retirement of Long-Term Debt | - | - | - |
| 3490 | Other Restricted Fund Balance | - | - | - |
| 3600 | Unassigned Fund Balance | 6,619,497 | - | - |
| 3000 | Total Fund Balances | 6,946,517 | - | - |
| 4000 | Total Liabilities, Deferred Inflows & Fund Balances | $ 8,271,388 | $ 361,880 | $ 389,277 |

The notes to the financial statements are an integral part of this statement.

| Other Funds | Total Governmental Funds |
|---|---|
| $ 1,139,928 | $ 7,574,578 |
| 79,995 | 404,305 |
| (3,704) | (17,796) |
| 483,956 | 1,516,137 |
| 6 | 1,213,254 |
| 49,633 | 58,831 |
| - | 17,348 |
| - | 5,702 |
| $ 1,749,814 | $ 10,772,359 |
| | |
| $ - | $ 113,142 |
| - | 510 |
| 119,357 | 1,086,724 |
| 500,402 | 1,213,254 |
| 217,346 | 223,290 |
| - | 1,098 |
| 5,071 | 5,071 |
| 842,176 | 2,643,089 |
| | |
| 67,107 | 342,222 |
| 67,107 | 342,222 |
| | |
| - | 17,348 |
| - | 5,702 |
| | |
| - | 303,970 |
| 490 | 490 |
| 784,457 | 784,457 |
| 55,584 | 55,584 |
| - | 6,619,497 |
| 840,531 | 7,787,048 |
| $ 1,749,814 | $ 10,772,359 |

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SANTA ROSA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

EXHIBIT C-2

| | | | |
|---|---|---|---|
| | **Total Fund Balances - Governmental Funds** | $ | 7,787,048 |
| 1 | Capital assets (including right-to-use leased assets) of $42,616,733 net of accumulated depreciation/amortization of ($18,136,908) are not financial resources and therefore are not reported as assets in governmental funds. This results in an increase in net position. | | 24,479,825 |
| 2 | Long-term liabilities, including bonds payable of ($7,130,000),equipment financing arrangement of $397,188, premium on bonds of ($540,579), and lease liabilities of ($644,493) are not due and payable in the current period, and, therefore are not reported as liabilities in the governmental funds. In addition, other long term liabilities of compensated absences for ($47,925) are recorded in governmental activities but not in th efunds. The net effect of including the long term liabilities in governmental activities is to decrease net position. | | (8,760,185) |
| 3 | Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of $1,375,282, a deferred resource inflow in the amount of ($2,658,109), and a net position liability in the amount of ($2,060,562). This resulted in a decrease in | | (3,343,389) |
| 4 | Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of $1,133,272, a deferred resource inflow in the amount of ($4,151,308), and a net OPEB liability in the amount of ($4,659,241). This resulted in a decrease in net position. | | (7,677,277) |
| 5 | Deferred outflows of resources for deferred charges for refundings are not financial resources and therefore are not reported in governmental funds. Including the deferred charges for refunding bonds increases net position. | | 259,969 |
| 6 | Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue of $342,222, and recognizing the liabilities associated with maturing long-term debt of accrued interest of ($114,223). The net effect of these reclassifications and recognitions is to increase net position. | | 227,999 |
| 19 | **Net Position of Governmental Activities** | $ | 12,973,990 |

The notes to the financial statements are an integral part of this statement.

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | | 10 General Fund | ESSER II | ESSER III |
|---|---|---|---|---|
| | REVENUES: | | | |
| 5700 | Total Local and Intermediate Sources | $ 1,549,600 | $ - | $ - |
| 5800 | State Program Revenues | 10,728,818 | - | - |
| 5900 | Federal Program Revenues | 1,560,207 | 1,062,332 | 1,546,260 |
| 5020 | Total Revenues | 13,838,625 | 1,062,332 | 1,546,260 |
| | EXPENDITURES: | | | |
| | Current: | | | |
| 0011 | Instruction | 5,420,588 | 619,994 | 1,020,097 |
| 0012 | Instructional Resources and Media Services | 95,111 | 18,990 | 14,770 |
| 0013 | Curriculum and Instructional Staff Development | 92,362 | 46,965 | 48,961 |
| 0021 | Instructional Leadership | - | 4,507 | 2,465 |
| 0023 | School Leadership | 758,511 | 47,441 | 49,291 |
| 0031 | Guidance, Counseling, and Evaluation Services | 254,379 | 23,461 | 14,397 |
| 0033 | Health Services | 146,376 | 44,484 | 16,891 |
| 0034 | Student (Pupil) Transportation | 155,214 | 1,502 | 30,790 |
| 0035 | Food Services | 780,637 | 1,502 | 33,251 |
| 0036 | Extracurricular Activities | 839,579 | 1,502 | 846 |
| 0041 | General Administration | 1,323,331 | 13,520 | 26,513 |
| 0051 | Facilities Maintenance and Operations | 2,491,548 | 114,495 | 120,928 |
| 0052 | Security and Monitoring Services | 238,867 | 4,507 | 13,275 |
| 0053 | Data Processing Services | 360,686 | 17,269 | 130,870 |
| 0061 | Community Services | - | - | 22,915 |
| | Debt Service: | | | |
| 0071 | Principal on Long-Term Liabilities | 222,583 | - | - |
| 0072 | Interest on Long-Term Liabilities | 39,363 | - | - |
| 0073 | Bond Issuance Cost and Fees | - | - | - |
| | Capital Outlay: | | | |
| 0081 | Facilities Acquisition and Construction | 22,264 | 102,193 | - |
| | Intergovernmental: | | | |
| 0093 | Payments to Fiscal Agent/Member Districts of SSA | 228,653 | - | - |
| 0099 | Other Intergovernmental Charges | 19,667 | - | - |
| 6030 | Total Expenditures | 13,489,719 | 1,062,332 | 1,546,260 |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | 348,906 | - | - |
| | OTHER FINANCING SOURCES (USES): | | | |
| 7913 | Right-to-Use Leases | 723,599 | - | - |
| 7915 | Transfers In | 694,638 | - | - |
| 8911 | Transfers Out (Use) | (694,638) | - | - |
| 7080 | Total Other Financing Sources (Uses) | 723,599 | - | - |
| 1200 | Net Change in Fund Balances | 1,072,505 | - | - |
| 0100 | Fund Balance - July 1 (Beginning) | 5,874,012 | - | - |
| 3000 | Fund Balance - June 30 (Ending) | $ 6,946,517 | $ - | $ - |

The notes to the financial statements are an integral part of this statement.

| Other Funds | Total Governmental Funds |
|---|---|
| $ 413,221 | $ 1,962,821 |
| 780,459 | 11,509,277 |
| 2,547,017 | 6,715,816 |
| 3,740,697 | 20,187,914 |
| | |
| 1,791,045 | 8,851,724 |
| 70,262 | 199,133 |
| 97,628 | 285,916 |
| 169,233 | 176,205 |
| 7,795 | 863,038 |
| 69,881 | 362,118 |
| 65,769 | 273,520 |
| 2,147 | 189,653 |
| 13,680 | 829,070 |
| - | 841,927 |
| - | 1,363,364 |
| 28,827 | 2,755,798 |
| 32,367 | 289,016 |
| - | 508,825 |
| 210 | 23,125 |
| 725,000 | 947,583 |
| 299,700 | 339,063 |
| 750 | 750 |
| - | 124,457 |
| 624,664 | 853,317 |
| - | 19,667 |
| 3,998,958 | 20,097,269 |
| (258,261) | 90,645 |
| | |
| - | 723,599 |
| - | 694,638 |
| - | (694,638) |
| - | 723,599 |
| (258,261) | 814,244 |
| 1,098,792 | 6,972,804 |
| $ 840,531 | $ 7,787,048 |

| | | |
|---|---|---|
| **Total Net Change in Fund Balances - Governmental Funds** | $ | 814,244 |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the capital outlays of $719,426 as shown in Note 3 "Capital Asset" and debt principal payments of $947,583 is to increase net position. | | 1,667,009 |
| Depreciation and amortization of leases are not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position. | | (1,095,040) |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing the decrease in accrued interest on long term debt of $13,602, recording amortization of bond premiums of $104,861, amortization of deferred charges on refunding of ($18,971), and recognizing the decrease in compensated absences of $945. The net effect of these reclassifications and recognitions is to increase net position. | | 100,437 |
| Propety tax revenues that are not considered available are deferred in the funds but are recognized as revenue in governmental activities under full accrual accounting. The change in the unavailable portion of property taxes for the current period results in an increase to the change in net position. | | 7,242 |
| GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by $351,800. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling ($253,178). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by $196,522. The net result is an increase in the change in net position. | | 295,144 |
| GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by $80,984. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liaibility. This caused a decrease in the change in net position totaling ($74,314). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by $339,536. The net result is an increase in the change in net position. | | 346,206 |
| **Change in Net Position of Governmental Activities** | $ | 2,135,242 |

The notes to the financial statements are an integral part of this statement.

EXHIBIT E-1

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

| | Total Private Purpose Trust Funds | Total Custodial Funds |
|---|---|---|
| ASSETS | | |
| Cash and Cash Equivalents | $ 5,877 | $ 58,121 |
| Total Assets | 5,877 | $ 58,121 |
| LIABILITIES | | |
| Payable from Restricted Assets | 4,379 | - |
| Total Liabilities | 4,379 | - |
| NET POSITION | | |
| Restricted for Scholarships | 1,498 | - |
| Restricted for Other Purposes | - | 58,121 |
| Total Net Position | $ 1,498 | $ 58,121 |

The notes to the financial statements are an integral part of this statement.

EXHIBIT E-2

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Total Private Purpose Trust Funds | Total Custodial Funds |
|---|---|---|
| **ADDITIONS:** | | |
| Enterprising Services Revenue | $ - | $ 92,370 |
| Total Additions | - | 92,370 |
| **DEDUCTIONS:** | | |
| Other Deductions | - | 78,624 |
| Total Deductions | - | 78,624 |
| Change in Fiduciary Net Position | - | 13,746 |
| Total Net Position July 1 (Beginning) | 1,498 | 44,375 |
| Total Net Position June 30 (Ending) | $ 1,498 | $ 58,121 |

The notes to the financial statements are an integral part of this statement.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Reporting Entity*

This report includes the financial statements of the funds required to account for those activities, organizations and functions which are related to the Santa Rosa Independent School District (the District) and which are controlled by or dependent upon the District's governing body, the Board of Trustees. The Board of Trustees (the Board), includes seven eligible members elected at large by the qualified voters of the Santa Rosa Independent School District, the Board has the exclusive power and duty to govern and oversee the management of the public schools of the District; all powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board.

The District receives funding from local, state and federal government sources and must comply with the applicable requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by GASB Statement No. 14 *The Financial Reporting Entity* as amended by GASBS No. 61, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and hold primary accountability for fiscal matters. The District is a governmental entity exempt from federal income taxation under Internal Revenue Code Section 115. The District has no component units as defined by GASB Statement No. 39.

Santa Rosa Independent School District's (the "District") basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide"). The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

### *Government-Wide Statements:*

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the non-fiduciary activities of the District. The effect of the interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include charges to customers and grants used for operational requirements. Governmental activities are supported by tax revenues, state aid, charges for services, investment earnings and intergovernmental revenues such as grants.

Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

***Fund Financial Statements:***

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that compromise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for the purpose of, carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

**General Fund**. This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

**ESSER II**. This fund is used to account for revenues and expenditures of the federal program Elementary and Secondary School Emergency Relief Fund (ESSER II).

**ESSER III**. This fund is used to account for revenues and expenditures of the federal program Elementary and Secondary School Emergency Relief Fund (ESSER III) granted to the District through the American Rescue Plan Act of 2021.

Additionally, the District reports the following fund type(s):

**Special Revenue Funds**. Special Revenue Funds are the funds that account for state and federally financed programs or expenditures legally restricted for specified purposes or where unused balances are returned to the grantor at the close of specified project periods.

**Capital Projects Fund.** The capital projects fund of the District accounts for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and related capital asset acquisitions.

**Debt Service Fund.** This fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

**Fiduciary Funds**

**Scholarship Private-Purpose Trust Fund.** The Scholarship Private-Purpose Trust Fund is used to account for resources held in trust to be used by various other third parties to award scholarships to former students of the District.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Custodial Funds.** These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

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 and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds 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 generally 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. 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 (generally within 90 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Unearned revenue is reported in the governmental funds when a potential revenue does not meet both the "measurable and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *Budgets*

The official school budgets were prepared for adoption for the General Fund and Debt Service Fund by June 30, 2021. The budgets were formally adopted by the board of school trustees at a duly advertised public meeting prior to the expenditure of funds. No budget was formally adopted for ESSEER II and III. The budgets were amended by the board of school trustees throughout the year. Expenditures may not legally exceed budgeted appropriations at the function level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated appropriately provided for in the subsequent year's budget.

**Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity**

### *Cash and Cash Equivalents*

Investments are considered to be cash equivalents if they are highly liquid and have an original maturity of three months or less from the date of acquisition.

### *Investments*

Money market investments which are short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investment pools have met the criteria established under GASB codification section I50: *Investments* to report their value at amortized cost. All of the investment pools strive to maintain a $1 per share net asset value. Additionally, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates. Nonparticipating interest-earning investment contracts are reported using a cost-based measure. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. All other investments are reported at fair value.

### *Interfund Activities and Transactions*

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position. Since the District does not report Business type activities, no internal balances or transfers are reported on the government wide statements.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *Inventory*

Inventory is valued at cost (average). The District accounts for the food inventory by using the consumption method whereby purchases of inventories are recognized as expenditures when the goods are received. The District accounts for school supply and maintenance inventory by the purchase method whereby expenditures are recognized when the inventory items are used. Reported inventories are equally offset by non-spendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

### *Prepayments*

Prepayments are expenditures that will benefit periods beyond June 30, 2022. In governmental funds, prepayments are accounted for by the consumption method whereby expenditures are recognized in the period for which the prepayment is applicable. The District has $5,702 of prepayments in the current year.

### *Capital Assets*

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Land and construction in progress are not depreciated. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

| Assets Class | Estimated Useful Lives |
|---|---|
| Buildings and Improvements | 25-50 |
| Furniture and Equipment | 5-10 |

### *Deferred Outflows and 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Deferred Outflows and Inflows of Resources* (Continued)**

The District has three (3) items that qualify for reporting as deferred outflows of resources, the *deferred amount on refunding* and the *deferred outflows related to TRS pensions and OPEB*, both reported in the government-wide statement of net position. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceed their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to TRS pensions and OPEB liabilities are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria* and P50: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Provided through Trusts that Meet Specified Criteria – Defined Benefit* . The deferred outflows related to pensions and OPEB will be recognized as either pension and OPEB expense or a reduction in the net pension or net OPEB liability in future reporting years.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting as deferred inflows of resources. The *deferred inflows related to TRS pensions and OPEB* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria* and P50: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Provided through Trusts that Meet Specified Criteria – Defined Benefit* . The deferred inflows related to pensions and OPEB will be recognized as a reduction to pension or OPEB expense in future reporting years.

*Unavailable revenue*, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Compensated Absences***

Each employee shall earn state personal leave at the rate of one-half workday for each 18 workdays of employment, up to the statutory maximum of five workdays annually and is cumulative. The local leave policy is that all employees shall earn two workdays of local convenience leave per school year; two days shall be earned at the same rate as state personal leave and may be taken at the employee's discretion and are non-cumulative.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Leases***

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The leased asset is recorded for the same amount as the related lease liability plus prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payments.

***Long-term Obligations***

In government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred charges and amortized over the term of the related debt.

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

***Pensions***

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

***Other Post-Employment Benefits (OPEB) Liability***

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

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *Categories and Classification of Fund Equity*

*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.

*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.

*Fund balance policies* – Fund balance of governmental funds is 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).

The provisions of GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions,* specifies the following classifications:

*Nonspendable fund balance:* Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and inventories. The District has inventories and prepayments that are considered nonspendable.

In addition to the nonspendable fund balance, GASB Statement No. 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

*Restricted*: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

*Committed*: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The responsibility to commit funds rests with the Board of Trustees. Committed amounts cannot be used for any other purpose unless the governing board changes or lifts the constraint taking the same formal action that imposed the constraint originally.

*Assigned*: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The responsibility to assign funds rests with the Superintendent or the Assistant Superintendent for Business Services.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *Categories and Classification of Fund Equity (Continued)*

*Unassigned*: fund balance of the general fund that is not constrained for any particular purpose. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

### *Revenues and Expenditures/Expenses*

*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 and state aid, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*Property taxes* – Property taxes attach as an enforceable lien on real property and are levied as of October 1st. Once a property tax billing is considered past due, the applicable property is subject to lien, and penalties and interest are assessed.

### *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. The District did not have significant encumbrances outstanding at year-end.

### *Accounting System*

In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by TEA in the Resource Guide. Mandatory codes are recorded in the order provided in that section.

### *Data Control Codes*

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a State-wide database for policy development and funding plans.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Net Position***

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 21, 2022. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***Recently Issued Accounting Pronouncements***

In fiscal year 2022, the District implemented GASB Statement No. 87, *Leases,* which improves the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. See Note 2 for implications to the financial statements in the implementation of this standard.

Future accounting standards possibly applicable to the District that have been issued by the Governmental Accounting Standards Board are:

- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 101, *Compensated Absences*

Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The District is evaluating the requirements of GASB No. 96 and the impact on reporting for future years.

Statement No. 99*,* enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives. Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription based information technology arrangement (SBITA) term, classification of a SBITA as a short term SBITA, and recognition and measurement of a subscription liability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The District is evaluating the requirements of GASB No. 99 and the impact on reporting for future years.

Statement No. 101, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. The District is evaluating the requirements of GASB No. 101 and the impact on reporting for future years.

**NOTE 2: CHANGE IN ACCOUNTING PRINCIPLE**

The District adopted GASB No. 87, Leases, as of July 1, 2021. The District evaluated contracts that were formerly accounted for as operating and capital leases to determine whether they meet the definition of a lease as defined in GASB 87. At July 1, 2021 the District had zero leased assets for beginning balance. Due to the implementation of GASB 87 the District calculated and recognized an additional right-to-use asset of $723,599 and lease liabilities of $723,599. There were no impacts to the beginning net position related to the adoption of GASB 87.

## NOTE 3: DETAILED NOTES ON ALL FUNDS

### *Deposits and Investments*

*Investment Accounting Policy*

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District adhered to the requirements of the act. The District's management believes that it has complied in all material respects with the requirements of the act and the District's investment policies.

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The Act determines the types of investments that are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, the state of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The District policy authorizes all the State allowable investments.

*Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act, the District's investment policy, and Government Code Chapter 2257 "Collateral For Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public fund investment pool created to function as a money market mutual fund must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a $1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments*** **(Continued)**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

*Cash Deposits*

At June 30, 2022, the District's carrying amount had a balance of $5,008,653 (cash, certificates of deposit, and interest-bearing savings accounts) and the bank balance was $5,572,177. In addition, the District maintains $2,629,923 in a government investment pool. The District's cash deposits and investments at June 30, 2022 and during the year ended June 30, 2022 were entirely covered by FDIC insurance or by pledged collateral held in the District's name by a bank other than the pledging bank.

The District's cash deposits at June 30, 2022 are maintained primarily at Rio Bank. These deposits were entirely covered by FDIC insurance or pledged collateral held by the District's agent bank throughout the year. The deposits were collateralized in accordance with Texas Law, and the Texas Education Agency maintains copies of all safekeeping receipts in the name of the District. In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

a. Name of Bank: Rio Bank
b. Amount of bond and/or market value of securities pledged as of the date of the highest combined balance on deposit was $6,980,615.
c. Largest cash, savings and time deposit combined account balance amounted to $6,188,229 and occurred during the month of February 2022.
d. Total amount of FDIC coverage at the time of largest combined balance was $250,000.

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance to the District's local policy, the District uses final and weighted-average maturity limits and diversification. It manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District's policy in using final and weighted-average-maturity limits helps reduce exposure to changes in interest rates that could adversely affect the value of investments.

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments*** **(Continued)**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the specific investments and their maturity:

| Description | CUSIP | Amount | Maturity | Days |
|---|---|---|---|---|
| TexPool | N/A | $2,629,923 | N/A | Daily |

*Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the District's investment policy and the Texas Public Fund Investment Act and the actual rating as of year end for each investment:

| Description | Minimum Legal Rating | Amount | Rating | Percentage |
|---|---|---|---|---|
| TexPool | AAA | $2,629,923 | AAA | 100% |

*Concentration of Credit Risk*

The Investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act. The above mentioned investments represents 100% of total District investments.

*Public Funds Investment Pools*

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safekeep, and invest public funds and securities more efficiently and economically. 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.

As noted in the District's Summary of Significant Accounting Policies, the District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*. In addition, the pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments*** **(Continued)**

TexPool investments consist exclusively of U. S. Government securities, repurchase agreements collateralized by U. S. government securities, and AAA-rated no-load money market mutual funds. TexPool is rated AAA by Standards & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pool cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool, like its participants, are governed by the Texas Public Funds Investment act, and are in full compliance with the Act.

***Property Tax***

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the school fiscal year. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District's 2021 tax rate was $0.992000 for maintenance and $0.260731 for debt service per $100 assessed valuation.

The 2021 assessed valuation was $125,514,050. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. At June 30, 2022 outstanding taxes in the general fund and debt service fund was $324,310 and $79,995 with a corresponding allowance for doubtful accounts of $14,092 and $3,704.

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Due To and From Other Governments and Agencies***

Amounts due to and from other governments and agencies at June 30, 2022 are as follows:

| General Fund | Due To | Due From |
|---|---|---|
| Texas Education Agency: | | |
| Available School Fund | $ - | $ 267,114 |
| Texas Department of Agriculture: | | |
| School Breakfast Program | - | 4,028 |
| National School Lunch Program | - | 9,882 |
| | | |
| Other Governmental Funds | | |
| *Texas Education Agency* : | | |
| ESEA Title I, Part A | - | 99,499 |
| Gear Up Grant | - | 22,104 |
| ESEA Title II, Part A | - | 8,770 |
| Title III, Part A | - | 60 |
| State Textbook Fund | - | 40,603 |
| Career and Technical - Quality Work Force | - | 28,005 |
| State Funded Special Revenue | - | 63,583 |
| SSA - 21st Century Community Learning Centers | - | 221,332 |
| IAF Allotment | 217,346 | - |
| | | |
| Major Special Revenue Fund | | |
| ESSER II - School Emergency Relief | 1,272 | 361,880 |
| | | |
| Major Special Revenue Fund | | |
| ESSER III - ARP School Emergency Relief | 4,672 | 389,277 |
| Total due to/from other governments and agencies | $ 223,290 | $ 1,516,137 |

### *Disaggregation of Receivables and Payables*

Receivables at June 30, 2022, were as follows:

| | Property Taxes | Other Governments | Other Receivables | Accrued Interest | Due From Other Funds | Total Receivables |
|---|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | | |
| General Fund | $ 324,310 | $ 281,024 | $ 9,198 | $ - | $ 1,213,248 | $ 1,827,780 |
| ESSER II Fund | - | 361,880 | - | - | - | 361,880 |
| ESSER III Fund | - | 389,277 | - | - | - | 389,277 |
| Nonmajor Governmental Funds | 79,995 | 483,956 | 49,633 | - | 6 | 613,590 |
| Gross receivables | 404,305 | 1,516,137 | 58,831 | - | 1,213,254 | 3,192,527 |
| Allowance for uncollectible amounts | (17,796) | - | - | - | - | (17,796) |
| Total Governmental Activities, net | $ 386,509 | $ 1,516,137 | $ 58,831 | $ - | $ 1,213,254 | $ 3,174,731 |
| Amounts not scheduled for collection during the subsequent year | $ - | $ - | $ - | $ - | $ - | $ - |

Payables at June 30, 2022, were as follows:

| | Accounts Payable | Salaries, Benefits and Withholdings | Due to Other Governments | Due To Other Funds | Total Payables |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| General Fund | $ 113,142 | $ 885,607 | $ - | $ 49,908 | $ 1,048,657 |
| ESSER Fund | - | 9,832 | 1,272 | 350,776 | 361,880 |
| ESSER Fund | - | 72,438 | 4,672 | 312,168 | 389,278 |
| Nonmajor Governmental Funds | - | 119,357 | 217,346 | 500,402 | 837,105 |
| Total Governmental Activities | $ 113,142 | $ 1,087,234 | $ 223,290 | $ 1,213,254 | $ 2,636,920 |

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Capital Assets***

Capital asset activity for year ended June 30, 2022, was as follows:

| | Balance July 1, 2021 | Increase | Decrease | Transfers | Balance June 30, 2022 |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | $ 265,271 | $ - | $ - | $ - | $ 265,271 |
| Total capital assets not being depreciated | 265,271 | - | - | - | 265,271 |
| | | | | | |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 34,660,007 | 173,748 | - | - | 34,833,755 |
| Furniture and equipment | 6,248,430 | 545,678 | - | - | 6,794,108 |
| Total capital assets being depreciated | 40,908,437 | 719,426 | - | - | 41,627,863 |
| | | | | | |
| Less accumulated depreciation: | | | | | |
| Building and improvements | 11,685,955 | 771,075 | - | - | 12,457,030 |
| Furniture and equipment | 5,355,913 | 241,290 | - | - | 5,597,203 |
| Total accumulated depreciation | 17,041,868 | 1,012,365 | - | - | 18,054,233 |
| Total capital assets being depreciated, net | 23,866,569 | (292,939) | - | - | 23,573,630 |
| Governmental activities capital assets, net | $ 24,131,840 | $ (292,939) | $ - | $ - | $ 23,838,901 |

## NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

### *Capital Assets (Continued)*

Depreciation and amortization was charged to the following functions:

| | Depreciation | Amortization |
|---|---|---|
| 11 – Instruction | $ 517,053 | $ 2,044 |
| 12 – Instructional Resources and Media Services | 11,097 | 82 |
| 13 – Curriculum and Staff Development | 17,135 | 238 |
| 21 – Instructional Leadership | 10,756 | - |
| 23 – School Leadership | 52,729 | 754 |
| 31 – Guidance, Counseling and Evaluation Services | 22,107 | 36 |
| 33 – Health Services | 16,696 | - |
| 34 – Student Transportation | 11,580 | 55 |
| 35 – Food Services | 50,614 | 92 |
| 36 – Cocurricular/Extracurricular Activities | 51,400 | 29 |
| 41 – General Administration | 71,047 | 758 |
| 51 – Plant Maintenance and Operations | 138,915 | 78,558 |
| 52 – Security and Monitoring Services | 17,644 | 29 |
| 53 – Data Processing Services | 22,180 | - |
| 61 – Community Services | 1,412 | - |
| | $ 1,012,365 | $ 82,675 |

The following summarizes the District's leased assets:

| | Balance July 1, 2021 | Increase | Decrease | Transfers | Balance June 30, 2022 |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Right to use assets | | | | | |
| Leased equipment | $ - | $ 723,599 | $ - | $ - | $ 723,599 |
| Total right to use assets | - | 723,599 | - | - | 723,599 |
| Less accumulated amortization for | | | | | |
| Leased equipment | - | (82,675) | - | - | (82,675) |
| Total accumulated amortization | - | (82,675) | - | - | (82,675) |
| Right to use assets, net | $ - | $ 640,924 | $ - | $ - | $ 640,924 |

### *Long-term Obligations*

Long–term obligations include bonds, leases and compensated absences. Changes in long-term obligations for the year ended June 30, 2022, are as follows:

| Governmental Activities | Beginning Balance 7/1/2021 | Increase | Decrease | Ending Balance 6/30/2022 | Due Within One Year |
|---|---|---|---|---|---|
| General Obligation Bonds | | | | | |
| Bond Series 2016 | $ 3,190,000 | $ - | $ (125,000) | $ 3,065,000 | $ 130,000 |
| Bond Series 2017 | 4,665,000 | - | (600,000) | 4,065,000 | 630,000 |
| Total general obligation bonds | 7,855,000 | - | (725,000) | 7,130,000 | 760,000 |
| Premium on issuance – Refunding Bond Series 2016 | 335,490 | - | (38,696) | 296,794 | 36,297 |
| Premium on issuance – Refunding Bond Series 2017 | 309,950 | - | (66,165) | 243,785 | 52,451 |
| Equipment financing arrangement | 540,665 | - | (143,477) | 397,188 | 152,020 |
| Leases | - | 723,599 | (79,106) | 644,493 | 148,315 |
| Total general long term debt | 9,041,105 | 723,599 | (1,052,444) | 8,712,260 | 1,149,083 |
| Total governmental activities | $ 9,041,105 | $ 723,599 | $ (1,052,444) | $ 8,712,260 | $ 1,149,083 |

*General Obligation Bonds*:

On November of 2016, the District issued $3,500,000 in Unlimited Tax Refunding Bonds, Series 2016, in order to advance refund $3,575,000 of the remaining bonds outstanding on the Unlimited Tax School Building Bonds, Series 2008 (“refunded bonds”). The net proceeds of the 2016 refunding bonds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds, and to pay costs of issuance. As a result, $3,575,000 of the refunded bonds are considered defeased, and have been removed from the balance of long-term debt of the District. At June 30, 2022, the refunded bonds had an amount outstanding of $3,575,000. The refunding resulted in a net present value savings of $552,846. The 2016 bonds were issued with stated interest rates ranging from 2% to 4%, with interest payable semi-annually every year on February 15 and August 15 with final maturity on August 15, 2038. 3,065,000

In May of 2017, the District issued $6,400,000 in Unlimited Tax Refunding Bonds, Series 2017, in order to advance refund $6,795,000 of the remaining bonds outstanding on the Unlimited Tax Refunding Bonds, Series 2007 (“refunded bonds”). The net proceeds of the 2017 refunding bonds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds, and to pay costs of issuance. The $6,795,000 of refunded bonds are considered defeased, and have been removed from the balance of long-term debt of the District. In addition, the refunded bonds had an original call date of August 15, 2017, and as of June 30,

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-term Obligations*** **(Continued)**

2022, the bonds have been redeemed in full and no remaining is outstanding. The refunding resulted in a net present value savings of $574,519. The 2017 refunding bonds were issued with stated interest rates ranging from 2% to 4%, with interest payable semi-annually every year on February 15 and August 15, with final maturity on August 15, 2031. 4,065,000

Total general obligation bonds $7,130,000

*Equipment financing arrangement:*

During the year ended August 31, 2011, the District entered into two equipment financing arrangement for an energy management system with TAC Americas, Inc. (TAC). The equipment financing arrangement are payable in 30 semi-annual installment payments. The equipment financing arrangement is secured by the components of the energy management system (primarily air conditioning units and fluorescent lights) and matures in September 1, 2024. TAC has guaranteed that the annual payments over the 15 year life of the contracts will be funded by energy costs reductions. If the energy cost savings do not equal the payment, TAC will fund the difference. $397,188

Total equipment financing arrangement $397,188

Debt service requirements on bonds payable and equipment financing arrangement at June 30, 2022, are as follows:

| Year Ending | Bonds Payable | | Equipment Financing Arrangement | | Total |
|---|---|---|---|---|---|
| June 30, | Principal | Interest | Principal | Interest | Requirement |
| 2023 | $ 760,000 | $ 270,000 | $ 152,020 | $ 21,110 | $ 1,203,130 |
| 2024 | 485,000 | 245,100 | 161,071 | 12,058 | 903,230 |
| 2025 | 505,000 | 225,300 | 84,097 | 2,468 | 816,865 |
| 2026 | 530,000 | 204,600 | - | - | 734,600 |
| 2027 | 555,000 | 182,900 | - | - | 737,900 |
| 2028-2032 | 2,790,000 | 564,800 | - | - | 3,354,800 |
| 2033-2037 | 1,035,000 | 200,900 | - | - | 1,235,900 |
| 2038-2039 | 470,000 | 19,000 | - | - | 489,000 |
| | $ 7,130,000 | $ 1,912,600 | $ 397,188 | $ 35,636 | $ 9,475,424 |

*Leases:*

In addition, the District has entered agreements to lease certain equipment, such as chillers and copiers. The lease agreements qualify as other than short-term leases under GASB No. 87, and therefore, have been recorded at the present value of the future minimum payments as of the date of their inception. There are no variable payment components of the leases. The lease liability is measure at a discount rate of 3%.

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-term Obligations* (Continued)**

Lease required payments are as follows:

| Year Ending | Lease Liability | | Total |
|---|---|---|---|
| June 30, | Principal | Interest | Requirement |
| 2023 | $ 148,315 | $ 17,306 | $ 165,621 |
| 2024 | 152,826 | 12,795 | 165,621 |
| 2025 | 157,475 | 8,146 | 165,621 |
| 2026 | 157,843 | 3,357 | 161,200 |
| 2027 | 28,034 | 140 | 28,174 |
| | $ 644,493 | $ 41,744 | $ 686,237 |

***Other Long-term Liabilities***

In addition to the long-term debt obligations noted above, Note 4 Defined Benefit Pension Plan and Note 5 Defined Other Post Employment Benefit Plans, the District has the following changes in other long-term liabilities for the year ended June 30, 2022 as follows:

| Governmental Activities | Beginning Balance 7/1/2021 | Increase | Decrease | Ending Balance 6/30/2022 | Due Within One Year |
|---|---|---|---|---|---|
| Compensated Absences | $ 48,870 | $ 48,083 | $ (49,028) | $ 47,925 | $ 25,000 |

Liabilities for compensated absences, pension, and OPEB are typically liquidated through the general fund.

***Interfund Receivables, Payables and Transfers***

Interfund receivable and payable balances at June 30, 2022 were:

| | Due to Fund: | | |
|---|---|---|---|
| Due from Fund: | General Fund | Non Major Funds | Total |
| General Fund | $ 49,902 | $ 6 | $ 49,908 |
| ESSER II | 350,776 | - | 350,776 |
| ESSER III | 312,168 | - | 312,168 |
| Non Major Funds | 500,402 | - | 500,402 |
| Total | $ 1,213,248 | $ 6 | $ 1,213,254 |

The balances resulted primarily from amounts paid out of the general fund for activities in special revenue funds for which cash has not yet been collected in the special revenue fund. All amounts are scheduled to be repaid within one year.

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Revenues from Local and Intermediate Sources***

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

| | General Fund | Total Nonmajor Funds | Total Gonvernmental Funds |
|---|---|---|---|
| Property taxes | $ 1,248,838 | $ 327,275 | $ 1,576,113 |
| Food sales | 58,252 | - | 58,252 |
| Investment income | 12,828 | 1,558 | 14,386 |
| Penalties, interest and other tax-related income | 51,433 | 12,713 | 64,146 |
| Athletic activities | 29,936 | - | 29,936 |
| Other | 148,313 | 71,675 | 219,988 |
| Total governmental activities | $ 1,549,600 | $ 413,221 | $ 1,962,821 |

***Deferred Outflows and Inflows of Resources***

Unavailable revenues from property taxes in the general fund and the nonmajor governmental fund at June 30, 2022 were $275,115 and $67,107 respectively.

At the government-wide financial statements (Exhibit A-1), the District reports cumulative deferred charges on refundings as a Deferred Outflows of Resources in the amount of $259,969. In addition, deferred outflows and inflows of resources related to TRS pension liability are $1,375,282 and $2,658,109, respectively. Deferred outflows and inflows of resources related to the TRS OPEB liability are $1,133,272 and $4,151,308, respectively.

***General Fund Federal Source Revenues***

Federally financed programs are generally accounted for in the Special Revenue Funds of the District, except for indirect costs charged to federal programs which are accounted for in the General Fund as prescribed by the TEA and certain direct revenues. The District recognized in the General Fund such revenues for the year ended June 30, 2022 from various federal sources as follows:

| Programs or Source | Number | Amount |
|---|---|---|
| School Breakfast Program | 10.553 | $ 270,906 |
| National School Lunch Program | 10.555 | 551,606 |
| USDA – Donated Commodities | 10.555 | 53,993 |
| USDA - Child and Adult Care Food Program | 10.558 | 132,747 |
| Indirect Costs | Various | 283,301 |
| E-rate | - | 41,788 |
| SHARS | - | 225,866 |
| | | $ 1,560,207 |

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Fund Balances and Net Position***

The District has classified its fund balances according to GASB Statement No. 54, with the following hierarchy:

**Nonspendable**: The District has inventories of $17,348 and prepayment of $5,702.

**Spendable:** The District has classified spendable fund balances as *Restricted, Committed, Assigned* and *Unassigned* and considered each to have been spent when expenditures are incurred.

Restricted for Food Service, Federal and State Programs, Debt Service and Capital Projects – Federal laws, Texas statutes and local ordinances require that certain revenues be specifically designed for the purposes of food service, federal and state programs, debt service, and capital projects. The funds have been included in the restricted category of fund balance.

**Unassigned** – the unassigned fund balance has no constraints.

Fund balances at June 30, 2022 are composed of the following amounts:

| | General Fund | Total Nonmajor | Total Governmental Funds |
|---|---|---|---|
| Fund balances | | | |
| Nonspendable | | | |
| Inventories | | | |
| Food service | $ 17,348 | $ - | $ 17,348 |
| Prepaid items | 5,702 | - | 5,702 |
| Restricted | | | |
| Food service | 303,970 | - | 303,970 |
| Debt service | - | 784,457 | 784,457 |
| Capital projects | - | 490 | 490 |
| Other | - | 55,584 | 55,584 |
| Unassigned | 6,619,497 | - | 6,619,497 |
| | $ 6,946,517 | $ 840,531 | $ 7,787,048 |

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Fund Balances and Net Position*** **(Continued)**

Net Position at June 30, 2022 is composed of the following amounts:

| | Governmental Activities |
|---|---|
| Net investment in capital assets: | |
| Capital assets, net of accumulated depreciation | $ 24,479,825 |
| Less related liabilities | (8,712,260) |
| Plus unamortized charges - deferred outflows of resources | 259,969 |
| Total net investment in capital assets | 16,027,534 |
| | |
| Restricted net position consists of the following: | |
| Federal and state programs | 327,020 |
| Debt Service | 800,414 |
| Capital Projects | 490 |
| Other Purposes | 55,584 |
| Total restricted net position | 1,183,508 |
| Unrestricted net position | (4,237,052) |
| Total net position | $ 12,973,990 |

The District has a negative unrestricted net position in the Governmental Activities of $4,237,052 at year-end. This negative balance is due to combined impact of the recognition of the net pension liability and net OPEB liability (Refer to Notes 4 and 5), the results of which are actuarially determined. The recognition of these significant long term liabilities has resulted in the negative unrestricted net position.

**NOTE 4: RETIREMENT PLANS**

**Plan Description**

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

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

**NOTE 4: RETIREMENT PLANS (Continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately- issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.Texas.gov/TRS%20Documents/acfr-2021.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

**Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 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 post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the system's actuary.

**Contributions**

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

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

**NOTE 4: RETIREMENT PLANS (Continued)**

The following are the contribution rates for years 2021 and 2022:

| | Contribution Rates | |
|---|---|---|
| | 2021 | 2022 |
| Member | 7.7% | 8.0% |
| Non-Employer Contributing Entity (State) | 7.5% | 7.75% |
| Employers | 7.5% | 7.75% |

| | |
|---|---|
| Current fiscal year employer contributions | $ 445,224 |
| Current fiscal year member contributions | $ 691,234 |
| 2021 measurement year NECE on-behalf contributions | $ 391,505 |

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any 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.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.6 percent of the member’s salary beginning in fiscal year 2021, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**NOTE 4: RETIREMENT PLANS (Continued)**

**Actuarial Assumptions**

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

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

| | |
|---|---|
| Valuation Date | August 31, 2020, rolled forward to August 31, 2021 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Single Discount Rate | 7.25% |
| Long-term expected Investment Rate of Return | 7.25% |
| Municipal Bond Rate as of August 2020 | 1.95% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index." |
| Last year ending August 31 in Projection Period (100 years) | 2120 |
| Inflation | 2.3% |
| Salary Increases including inflation | 3.05% to 9.05% |
| Ad hoc post-employment benefit changes | None |

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2020.

**Discount Rate**

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

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates

**NOTE 4: RETIREMENT PLANS (Continued)**

ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

| Asset Class* | Target Allocation$_1$ | Long-Term Expected Geometric Real Rate of Return$_2$ | Expected Contribution to Long-Term Portfolio Returns |
|---|---|---|---|
| **Global Equity** | | | |
| USA | 18.0% | 3.6% | 0.94% |
| Non – U. S. developed | 13.0% | 4.4% | 0.83% |
| Emerging Markets | 9.0% | 4.6% | 0.74% |
| Private Equity | 14.0% | 6.3% | 1.36% |
| **Stable Value** | | | |
| Government Bonds | 16.0% | -0.2% | 0.01% |
| Stable Value Hedge Funds | 5.0% | 2.2% | 0.12% |
| Absolute Return | - | 1.1% | - |
| **Real Return** | | | |
| Real Estate | 15.0% | 4.5% | 1.00% |
| Energy, Natural Resources and Infrastructure | 6.0% | 4.7% | 0.35% |
| Commodities | - | 1.7% | - |
| **Risk Parity** | | | |
| Risk Parity | 8.0% | 2.8% | 0.28% |
| **Asset Allocation Leverage** | | | |
| Cash | 2.0% | -0.70% | -0.01% |
| Asset Allocation Leverage | -6.0% | -0.05% | 0.03% |
| Inflation Expectation | | | 2.20% |
| Volatility Drag$_3$ | | | -0.95% |
| **Expected Return** | **100.0%** | | **6.90%** |

** Absolute Return includes Credit Sensitive Investments.*

*1 Target allocations are based on the FY2021 policy model.*

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

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

**NOTE 4: RETIREMENT PLANS (Continued)**

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2020 measurement year Net Pension Liability.

| | 1% Decrease in Discount Rate (6.25%) | Discount Rate (7.25%) | 1% Increase in Discount Rate (8.25%) |
|---|---|---|---|
| District's proportionate share of the net pension liability: | $ 4,502,654 | $ 2,060,562 | $ 79,283 |

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2022, the District reported a liability of $2,060,562 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|---|---|
| District's proportionate share of the collective net pension liability | $ 2,060,562 |
| State's proportionate share that is associated with the District | 2,336,337 |
| Total | $ 4,396,899 |

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

At August 31, 2021, the employer's proportion of the collective net pension liability was .0080912764%, which was an increase of 0.00024132848%) from its proportion measured as of August 31, 2020.

**Changes Since the Prior Actuarial Valuation** – There were no changes in assumptions since the prior measurement date.

For the year ended June 30, 2022, the District recognized pension expense of $65,996 and revenue of $9,340 for support provided by the State.

**NOTE 4: RETIREMENT PLANS (Continued)**

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experiences | $ 3,448 | $ 145,065 |
| Changes in actuarial assumptions | 728,368 | 317,506 |
| Differences between projected and actual investment earnings | - | 1,727,754 |
| Changes in proportion and differences between the employer's contributions and the proportionate share of contributions | 291,666 | 467,784 |
| Total as of August 31, 2021 measurement date | 1,023,482 | 2,658,109 |
| Contributions paid to TRS subsequent to the measurement date | 351,800 | - |
| Total as of fiscal year-end | $ 1,375,282 | $ 2,658,109 |

Contributions of $351,800 paid to TRS subsequent to the measurement date are classified as deferred outflows of resources and will reduce pension liability in the next fiscal year. The remaining deferred inflows of resources and deferred outflows of resources related to pensions noted above will be amortized and recognized in pension expense in the government-wide financial statements as follows:

| Fiscal Years ended June 30, | Pension Expense Amount |
|---|---|
| 2023 | $ (293,774) |
| 2024 | $ (382,447) |
| 2025 | $ (418,934) |
| 2026 | $ (532,902) |
| 2027 | $ (8,122) |
| Thereafter | $ 1,552 |

The net pension liability activity for the year ended June 30, 2022 were as follows:

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| Net Pension Liability | $ 4,204,272 | $ (1,798,417) | $ 345,293 | $ 2,060,562 |

**NOTE 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

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

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

***OPEB Plan Fiduciary Net Position.*** Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

***Benefits Provided.*** TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension system. Optional dependent coverage is available for an additional fee. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retirees with Medicare and without Medicare coverage:

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

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of salary. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75

**NOTE 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

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

| | Contribution Rates | |
|---|---|---|
| | 2021 | 2022 |
| Member | 0.65% | 0.65% |
| Non-Employer Contributing Entity (State) | 1.25% | 1.25% |
| Employers | 0.75% | 0.75% |
| Federal/Private Funding Remitted by Employers | 1.25% | 1.25% |

| | |
|---|---|
| Current fiscal year employer contributions | $ 99,480 |
| Current fiscal year member contributions | $ 56,551 |
| 2021 measurement year NECE on-behalf contributions | $ 126,423 |

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

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

***Actuarial Assumptions.*** The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2021 TRS ACFR, Note 9, page 76.*

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

| | |
|---|---|
| Rates of Mortality | Rates of Disability |
| Rates of Retirement | General Inflation |
| Rates of Termination | Wage Inflation |

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

**NOTE 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

Additional Actuarial Methods and Assumptions:

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

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

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

**Sensitivity of the Net OPEB Liability:**

***Discount Rate Sensitivity Analysis.*** The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

| | 1% Decrease in Discount Rate (0.95%) | Discount Rate (1.95%) | 1% Increase in Discount Rate (2.95%) |
|---|---|---|---|
| District's proportionate share of the net OPEB liability: | $ 5,620,118 | $ 4,659,241 | $ 3,902,999 |

**NOTE 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

***Healthcare Cost Trend Rates Sensitivity Analysis –*** The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate of 4.25%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|---|---|---|---|
| District's proportionate share of the net OPEB liability: | $ 3,773,831 | $ 4,659,241 | $ 5,847,242 |

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.*** At June 30, 2022, the District reported a liability of $4,659,241 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

| | |
|---|---|
| District's proportionate share of the collective net OPEB liability | $ 4,659,241 |
| State's proportionate share that is associated with the District | 6,242,345 |
| Total | $ 10,901,586 |

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

At August 31, 2021, the employer's proportion of the collective net OPEB liability was 0.0120785618% which was a decrease of (0.0002797757%) from its proportion measured as of 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 (TOL) since the prior measurement period.

- The discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the TOL.

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended June 30, 2022, the District recognized OPEB expense of ($495,612) and revenue of ($230,390) for support provided by the State

**NOTE 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experiences | $ 200,602 | $ 2,255,399 |
| Changes in actuarial assumptions | 516,066 | 985,343 |
| Differences between projected and actual investment earnings | 5,059 | - |
| Changes in proportion and differences between the employer's contributions and the proportionate share of contributions | 330,561 | 910,566 |
| Total as of August 31, 2021 measurement date | 1,052,288 | 4,151,308 |
| Contributions paid to TRS subsequent to the measurement date | 80,984 | - |
| Total as of fiscal year-end | $ 1,133,272 | $ 4,151,308 |

Contributions of $80,984 paid to TRS subsequent to the measurement date are classified as deferred outflows of resources and will reduce OPEB liability in the next fiscal year. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Years ended June 30, | OPEB Expense Amount |
|---|---|
| 2023 | $ (580,512) |
| 2024 | $ (580,626) |
| 2025 | $ (580,595) |
| 2026 | $ (457,953) |
| 2027 | $ (291,914) |
| Thereafter | $ (607,420) |

The net OPEB liability activity for the year ended June 30, 2022 was as follows:

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| Net OPEB Liability | $ 4,697,962 | $ 55,640 | $ 94,361 | $ 4,659,241 |

## NOTE 6: MEDICARE PART D

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care received retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the year ended June 30, 2022, 2021, and 2020, the subsidy payments received by TRS-Care on behalf of the District are as follows:

| Fiscal Year | Medicare Part D |
|---|---|
| 2022 | $ 33,920 |
| 2021 | 33,493 |
| 2020 | 36,446 |

Contributions made by the State on behalf of the District have been recorded in the government-wide financial statements and in the fund financial statements of the General Fund as both State revenue and payroll expenditures.

## NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2022, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year. In addition, there were no settlements exceeding insurance for each of the past three fiscal years.

### Health Coverage

Effective September 1, 2003, the District entered into a health insurance contract with TRS-Active Care. These plans are fully-funded, pure premium plans for which the District pays premiums of $275, respectively per month per employee to the plan, and the employees, at their option, may authorize payroll withholdings to pay premiums for dependents. Terms of coverage and premium costs are included in the contractual provisions.

### Workers' Compensation Insurance

During the year ended June 30, 2022, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund ("the Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The District participates in the Fund's reimbursable aggregate deductible program. As such, the District is responsible for a certain amount of claims liability as outlined on the District's Contribution and Coverage Summary document. After the District's deductible has been met, the Fund is responsible for additional claims.

**NOTE 7: RISK MANAGEMENT (Continued)**

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 $1.5 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of June 30, 2022, the Fund carries a discounted reserve in excess of $50 million for future development on reported claims and claims that have been incurred but not yet reported. For the period ended June 30, 2022, member districts will have no additional liability beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of Independent auditors to conduct an independent financial audit after the close of each plan year on August 31st and is approved by the Fund's Board of Trustees in February the following year. The Fund's audited financial statements as of June 30, 2022, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

The District participates in a number of grant programs funded by State and Federal Agencies. These programs are subject to compliance audits by the grantor agencies or their representatives.

Audits of all of these programs for the year ended June 30, 2022 have not been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. Certain programs were audited and some expenditures were identified as unallowable. Expenditures which may be disallowed by the granting agencies of programs not audited cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District is a party to various legal actions, none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies.

**NOTE 9: JOINT VENTURE - SHARED SERVICE ARRANGEMENTS**

The District participates in a shared service arrangement ("SSA") with the Regional Service Center ("Region One"). The program provided through the shared services include gaining early awareness and readiness for undergraduate programs (GEAR UP). The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Region One Education Service Center, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Santa Rosa Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

The District is also the fiscal agent for an SSA that provides assistance to member districts under the 21st Century Community Learning Centers program. This program provides assistance to provide opportunities for academic enrichment and additional services to students related to educational development. During the year ended June 30, 2022, the District spent $1,377,952. Of this amount $624,664 was provided for assistance to other member Districts.

## NOTE 9: JOINT VENTURE - SHARED SERVICE ARRANGEMENTS (Continued)

Presented below are the revenues and expenditures attributable to the District's participation.

| Revenues | | GEAR UP | 21st Century |
|---|---|---|---|
| 5929 | Federal revenue distributed by TEA | $ - | $ 753,288 |
| 5952 | SSA - Federal revenues from fiscal agent | 84,030 | 624,664 |
| | Total revenue | $ 84,030 | $ 1,377,952 |
| | | | |
| Expenditures | | | |
| 6100 | Payroll costs | $ 79,199 | $ 578,857 |
| 6200 | Purchased and contracted services | 394 | 38,321 |
| 6300 | Supplies and materials | 2,907 | 85,276 |
| 6400 | Miscellaneous operating expenses | 1,530 | 675,498 |
| | Total expenditures | $ 84,030 | $ 1,377,952 |

## NOTE 10: COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provision

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

School districts in Texas must comply with constitutional provisions, statutory laws, public policy established by common law, Title 19 of the Texas Administrative Code, and with regulations of the Texas Education Agency.

## NOTE 11: CHAPTER 313 AGREEMENTS

The District entered into a tax abatement agreement with Monte Alto Windpower, LLC, ("Monte Alto") on September 30, 2019, pursuant to Chapter 313 of the Texas Tax Code. The agreement is for Monte Alto to invest capital of $57,097,000 on a long-term basis for a valuation limit of $15,000,000. The investment will be taxed at 100% for I & S purposes but will be limited to $15,000,000 for M & O purposes. For fiscal year 2022, there is currently no investment by Monte Alto that is taxable.

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# REQUIRED SUPPLEMENTARY INFORMATION

*"Warriors On the Move –*

*Education On the Rise"*

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|---|---|---|---|---|---|
| | | Original | Final | | |
| | REVENUES: | | | | |
| 5700 | Total Local and Intermediate Sources | $ 1,189,995 | $ 1,550,520 | $ 1,549,600 | $ (920) |
| 5800 | State Program Revenues | 11,087,354 | 10,685,862 | 10,728,818 | 42,956 |
| 5900 | Federal Program Revenues | 1,055,552 | 1,535,157 | 1,560,207 | 25,050 |
| 5020 | Total Revenues | 13,332,901 | 13,771,539 | 13,838,625 | 67,086 |
| | EXPENDITURES: | | | | |
| | Current: | | | | |
| 0011 | Instruction | 6,126,416 | 5,672,251 | 5,420,588 | 251,663 |
| 0012 | Instructional Resources and Media Services | 103,080 | 108,080 | 95,111 | 12,969 |
| 0013 | Curriculum and Instructional Staff Development | 125,055 | 103,055 | 92,362 | 10,693 |
| 0023 | School Leadership | 817,416 | 773,516 | 758,511 | 15,005 |
| 0031 | Guidance, Counseling, and Evaluation Services | 344,860 | 301,045 | 254,379 | 46,666 |
| 0033 | Health Services | 162,544 | 162,544 | 146,376 | 16,168 |
| 0034 | Student (Pupil) Transportation | 191,771 | 207,236 | 155,214 | 52,022 |
| 0035 | Food Services | 855,252 | 1,065,619 | 780,637 | 284,982 |
| 0036 | Extracurricular Activities | 834,284 | 917,607 | 839,579 | 78,028 |
| 0041 | General Administration | 813,326 | 1,245,238 | 1,323,331 | (78,093) |
| 0051 | Facilities Maintenance and Operations | 1,893,224 | 2,104,520 | 2,491,548 | (387,028) |
| 0052 | Security and Monitoring Services | 226,426 | 240,426 | 238,867 | 1,559 |
| 0053 | Data Processing Services | 404,948 | 404,948 | 360,686 | 44,262 |
| | Debt Service: | | | | |
| 0071 | Principal on Long-Term Liabilities | 173,134 | 143,479 | 222,583 | (79,104) |
| 0072 | Interest on Long-Term Liabilities | - | 29,655 | 39,363 | (9,708) |
| | Capital Outlay: | | | | |
| 0081 | Facilities Acquisition and Construction | - | 30,000 | 22,264 | 7,736 |
| | Intergovernmental: | | | | |
| 0093 | Payments to Fiscal Agent/Member Districts of SSA | 228,653 | 228,653 | 228,653 | - |
| 0095 | Payments to Juvenile Justice Alternative Ed. Prg. | 14,000 | 14,000 | - | 14,000 |
| 0099 | Other Intergovernmental Charges | 18,512 | 19,667 | 19,667 | - |
| 6030 | Total Expenditures | 13,332,901 | 13,771,539 | 13,489,719 | 281,820 |
| 1100 | Excess of Revenues Over Expenditures | - | - | 348,906 | 348,906 |
| | OTHER FINANCING SOURCES (USES): | | | | |
| 7913 | Right-to-Use Leases | - | - | 723,599 | 723,599 |
| 7915 | Transfers In | 636,209 | 723,401 | 694,638 | (28,763) |
| 8911 | Transfers Out (Use) | (636,209) | (723,401) | (694,638) | 28,763 |
| 7080 | Total Other Financing Sources (Uses) | - | - | 723,599 | 723,599 |
| 1200 | Net Change in Fund Balances | - | - | 1,072,505 | 1,072,505 |
| 0100 | Fund Balance - July 1 (Beginning) | 5,874,012 | 5,874,012 | 5,874,012 | - |
| 3000 | Fund Balance - June 30 (Ending) | $ 5,874,012 | $ 5,874,012 | $ 6,946,517 | $ 1,072,505 |

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2022

| | FY 2022 Plan Year 2021 | FY 2021 Plan Year 2020 | FY 2020 Plan Year 2019 |
|---|---|---|---|
| District's Proportion of the Net Pension Liability (Asset) | 0.008091276% | 0.007849948% | 0.008440681% |
| District's Proportionate Share of Net Pension Liability (Asset) | $ 2,060,562 | $ 4,204,272 | $ 4,387,730 |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | 2,336,337 | 5,809,380 | 5,919,107 |
| Total | $ 4,396,899 | $ 10,013,652 | $ 10,306,837 |
| District's Covered Payroll | $ 8,193,698 | $ 8,545,265 | $ 8,422,035 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 25.15% | 49.20% | 52.10% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 88.79% | 75.54% | 75.24% |

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

| FY 2019 Plan Year 2018 | FY 2018 Plan Year 2017 | FY 2017 Plan Year 2016 | FY 2016 Plan Year 2015 | FY 2015 Plan Year 2014 |
|---|---|---|---|---|
| 0.008026189% | 0.008423647% | 0.011021659% | 0.0083336% | 0.006251% |
| $ 4,417,809 | $ 2,693,429 | $ 4,164,921 | $ 2,945,817 | 1,669,728 |
| 6,581,608 | 3,819,041 | 3,440,818 | 4,392,726 | 3,816,143 |
| $ 10,999,417 | $ 6,512,470 | $ 7,605,739 | $ 7,338,543 | $ 5,485,871 |
| $ 7,985,759 | $ 7,985,759 | $ 7,601,546 | $ 7,346,222 | 7,385,729 |
| 55.32% | 33.73% | 54.79% | 40.10% | 22.61% |
| 73.74% | 82.17% | 78.00% | 78.43% | 83.25% |

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Contractually Required Contribution | $ 445,224 | $ 309,797 | $ 317,654 |
| Contribution in Relation to the Contractually Required Contribution | (445,224) | (309,797) | (317,654) |
| Contribution Deficiency (Excess) | $ - | $ - | $ - |
| District's Covered Payroll | $ 8,866,674 | $ 7,867,755 | $ 8,530,216 |
| Contributions as a Percentage of Covered Payroll | 5.02% | 3.94% | 3.72% |

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

| 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| $ 287,632 | $ 278,013 | $ 276,078 | $ 273,907 | $ 238,509 |
| (287,632) | (278,013) | (276,078) | (273,907) | (238,509) |
| $ - | $ - | $ - | $ - | $ - |
| $ 8,422,035 | $ 8,218,118 | $ 7,985,759 | $ 7,601,546 | $ 7,346,222 |
| 3.42% | - | 3.46% | 3.60% | 3.25% |

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2022

| | FY 2022 Plan Year 2021 | FY 2021 Plan Year 2020 | FY 2020 Plan Year 2019 |
|---|---|---|---|
| District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits | 0.012078562% | 0.012358338% | 0.013248264% |
| District's Proportionate Share of Net OPEB Liability (Asset) | $ 4,659,241 | $ 4,697,962 | $ 6,265,265 |
| State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District | 6,242,345 | 6,312,935 | 8,325,137 |
| Total | $ 10,901,586 | $ 11,010,897 | $ 14,590,402 |
| District's Covered-Employee Payroll | $ 8,193,698 | $ 8,545,265 | $ 8,422,035 |
| District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | 56.86% | 54.98% | 74.39% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 6.18% | 4.99% | 2.66% |

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

| | FY 2019 Plan Year | FY 2018 Plan Year |
|---|---|---|
| | 0.012452869% | 0.013386392% |
| $ | 6,217,832 | $ 5,821,240 |
| | 6,503,504 | 5,575,579 |
| $ | 12,721,336 | $ 11,396,819 |
| $ | 7,985,759 | $ 7,985,759 |
| | 77.86% | 72.90% |
| | 1.57% | 0.91% |

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Contractually Required Contribution | $ 99,480 | $ 89,322 | $ 94,671 |
| Contribution in Relation to the Contractually Required Contribution | (99,480) | (89,322) | (94,671) |
| Contribution Deficiency (Excess) | $ - | $ - | $ - |
| District's Covered-Employee Payroll | $ 8,866,674 | $ 7,867,755 | $ 8,530,216 |
| Contributions as a Percentage of Covered Payroll | 1.12% | 1.14% | 1.11% |

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

| 2019 | 2018 |
|---|---|
| $ 92,194 | $ 87,738 |
| (92,194) | (87,738) |
| $ - | $ - |
| $ 8,422,035 | $ 8,218,118 |
| 1.09% | 1.07% |

**Stewardship, compliance, and accountability**

**I. Budgetary Information**

The Board adopts an "appropriated budget" on a basis consistent with GAAP for the general fund and debt service fund. The general fund budget and actual is presented as required supplementary while debt service budget and actual is presented as TEA required schedule. The Education Stabilization Fund (ESSER II and ESSER III) are major special revenue funds, however, because the District is not required to legally adopt a budget for this grant fund, presentation of budgetary comparison information is not required.

The following procedures are followed in establishing the budgetary data reflected in the general purpose financial statements:

- Prior to June 20 for a fiscal year start date of July 1, the District prepares a budget based on the modified zero-based budgeting concept for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

- After one or more budget workshops with the Board, a meeting is called for the purpose of adopting the proposed budget. At least ten days but not more than 30 days public notice of the meeting is required.

- Prior to June 30$^{th}$ for a fiscal year start date of July 1, the Board legally adopts the budget for the general fund and debt service fund.

- After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and are reflected in the official minutes. Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year.

- Expenditure budgets are controlled at the expenditure functional and object level by the appropriate administrator. Transfers may be authorized within functional and organizational categories that do not affect the total functional and organizational appropriation. All budget appropriations lapse at year-end.

Expenditures exceeded appropriated amounts by $78,093 for function 41 and $387,028 for function 51 due to inclusion of right to use assets as part of GASB 87 implementation. Other financing sources that were recorded as part of that implementation offset the amounts that were over budget in those functions. Expenditures also exceeded appropriated amounts by $79,104 for function 71 and $9,708 for function 72 due to recording of lease payments in function 71 and 72 due to implementation of GASB 87 Leases. The amounts over budget in those functions were previously budgeted in other functions; thus the District did not expend any fund resources beyond what was originally budgeted and approved for lease payments.

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrances outstanding at year-end are commitments that do not constitute expenditures or liabilities. Since appropriations lapse at the end of each year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments.

**I. Budgetary Information (Continued)**

In total, the General Fund's actual expenditures had a positive variance compared to the budgeted expenditures in the General Fund, and total expenditures of the general fund did not exceed total appropriations either in total or within functional areas.

**TRS Pension**

**Changes of benefit terms** – There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

**Changes of assumptions** – There have been no changes to the actuarial assumptions and methods since the prior valuation period.

**TRS – OPEB PLAN**

**Changes of assumptions –** The following are changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

The discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the total OPEB liability (TOL).

**Change of Benefit Terms Since the Prior Measurement Date** – There were no changes in benefit terms since the prior measurement date.




# OTHER SUPPLEMENTARY INFORMATION

*"Warriors On the Move –*

*Education On the Rise"*



# COMBINING STATEMENTS

*"Warriors On the Move –*

*Education On the Rise"*

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SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

| Data Control Codes | | 211 ESEA I, A Improving Basic Program | 212 ESEA Title I Part C Migrant | 244 Career and Technical - Basic Grant | 251 Career and Technical - Work Force |
|---|---|---|---|---|---|
| | ASSETS | | | | |
| 1110 | Cash and Cash Equivalents | $ - | $ - | $ - | $ - |
| 1220 | Property Taxes - Delinquent | - | - | - | - |
| 1230 | Allowance for Uncollectible Taxes | - | - | - | - |
| 1240 | Due from Other Governments | 99,499 | - | - | 28,005 |
| 1260 | Due from Other Funds | - | - | - | - |
| 1290 | Other Receivables | - | - | - | - |
| 1000 | Total Assets | $ 99,499 | $ - | $ - | $ 28,005 |
| | LIABILITIES | | | | |
| 2160 | Accrued Wages Payable | $ 48,462 | $ - | $ - | $ - |
| 2170 | Due to Other Funds | 51,037 | - | - | 28,005 |
| 2180 | Due to Other Governments | - | - | - | - |
| 2300 | Unearned Revenue | - | - | - | - |
| 2000 | Total Liabilities | 99,499 | - | - | 28,005 |
| | DEFERRED INFLOWS OF RESOURCES | | | | |
| 2601 | Unavailable Revenue - Property Taxes | - | - | - | - |
| 2600 | Total Deferred Inflows of Resources | - | - | - | - |
| | FUND BALANCES | | | | |
| | Restricted Fund Balance: | | | | |
| 3470 | Capital Acquisition and Contractual Obligation | - | - | - | - |
| 3480 | Retirement of Long-Term Debt | - | - | - | - |
| 3490 | Other Restricted Fund Balance | - | - | - | - |
| 3000 | Total Fund Balances | - | - | - | - |
| 4000 | Total Liabilities, Deferred Inflows & Fund Balances | $ 99,499 | $ - | $ - | $ 28,005 |

| 255 ESEA II,A Training and Recruiting | 263 Title III, A English Lang. Acquisition | 266 ESSER -School Emergency Relief -CARES | 274 GEAR UP | 279 ESSER III TCLAS ARP Act | 289 Other Federal Special Revenue Funds | 352 SSA - 21st Century Learning | 397 Advanced Placement Incentives |
|---|---|---|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ - | $ 5,071 | $ - | $ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 8,770 | 60 | - | 22,104 | - | - | 221,332 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| $ 8,770 | $ 60 | $ - | $ 22,104 | $ - | $ 5,071 | $ 221,332 | $ - |
| $ - | $ - | $ - | $ 9,420 | $ - | $ - | $ 59,353 | $ - |
| 8,770 | 60 | - | 12,684 | - | - | 161,979 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 5,071 | - | - |
| 8,770 | 60 | - | 22,104 | - | 5,071 | 221,332 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| $ 8,770 | $ 60 | $ - | $ 22,104 | $ - | $ 5,071 | $ 221,332 | $ - |

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

| Data Control Codes | | 410 State Instructional Materials | 429 Other State Special Revenue Funds | 499 Other Local Special Revenue Funds | Total Nonmajor Special Revenue Funds |
|---|---|---|---|---|---|
| | ASSETS | | | | |
| 1110 | Cash and Cash Equivalents | $ - | $ - | $ 55,584 | $ 60,655 |
| 1220 | Property Taxes - Delinquent | - | - | - | - |
| 1230 | Allowance for Uncollectible Taxes | - | - | - | - |
| 1240 | Due from Other Governments | 40,603 | 63,583 | - | 483,956 |
| 1260 | Due from Other Funds | - | - | - | - |
| 1290 | Other Receivables | - | 8,448 | 41,185 | 49,633 |
| 1000 | Total Assets | $ 40,603 | $ 72,031 | $ 96,769 | $ 594,244 |
| | LIABILITIES | | | | |
| 2160 | Accrued Wages Payable | $ - | $ - | $ 2,122 | $ 119,357 |
| 2170 | Due to Other Funds | 40,603 | 72,031 | 39,063 | 414,232 |
| 2180 | Due to Other Governments | - | - | - | - |
| 2300 | Unearned Revenue | - | - | - | 5,071 |
| 2000 | Total Liabilities | 40,603 | 72,031 | 41,185 | 538,660 |
| | DEFERRED INFLOWS OF RESOURCES | | | | |
| 2601 | Unavailable Revenue - Property Taxes | - | - | - | - |
| 2600 | Total Deferred Inflows of Resources | - | - | - | - |
| | FUND BALANCES | | | | |
| | Restricted Fund Balance: | | | | |
| 3470 | Capital Acquisition and Contractual Obligation | - | - | - | - |
| 3480 | Retirement of Long-Term Debt | - | - | - | - |
| 3490 | Other Restricted Fund Balance | - | - | 55,584 | 55,584 |
| 3000 | Total Fund Balances | - | - | 55,584 | 55,584 |
| 4000 | Total Liabilities, Deferred Inflows & Fund Balances | $ 40,603 | $ 72,031 | $ 96,769 | $ 594,244 |

| 599 Debt Service Fund | 618 Capital Projects Fund | Total Nonmajor Governmental Funds |
|---|---|---|
| $ 992,613 | $ 86,660 | $ 1,139,928 |
| 79,995 | - | 79,995 |
| (3,704) | - | (3,704) |
| - | - | 483,956 |
| 6 | - | 6 |
| - | - | 49,633 |
| $ 1,068,910 | $ 86,660 | $ 1,749,814 |
| | | |
| $ - | $ - | $ 119,357 |
| - | 86,170 | 500,402 |
| 217,346 | - | 217,346 |
| - | - | 5,071 |
| 217,346 | 86,170 | 842,176 |
| | | |
| 67,107 | - | 67,107 |
| 67,107 | - | 67,107 |
| | | |
| - | 490 | 490 |
| 784,457 | - | 784,457 |
| - | - | 55,584 |
| 784,457 | 490 | 840,531 |
| | | |
| $ 1,068,910 | $ 86,660 | $ 1,749,814 |

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | | 211 ESEA I, A Improving Basic Program | 212 ESEA Title I Part C Migrant | 244 Career and Technical - Basic Grant | 251 Career and Technical - Work Force |
|---|---|---|---|---|---|
| | REVENUES: | | | | |
| 5700 | Total Local and Intermediate Sources | $ - | $ - | $ - | $ - |
| 5800 | State Program Revenues | - | - | - | - |
| 5900 | Federal Program Revenues | 720,340 | 12,540 | 16,738 | 53,253 |
| 5020 | Total Revenues | 720,340 | 12,540 | 16,738 | 53,253 |
| | EXPENDITURES: | | | | |
| | Current: | | | | |
| 0011 | Instruction | 583,539 | 12,540 | 16,738 | 53,253 |
| 0012 | Instructional Resources and Media Services | 70,262 | - | - | - |
| 0013 | Curriculum and Instructional Staff Development | 8,100 | - | - | - |
| 0021 | Instructional Leadership | 9,511 | - | - | - |
| 0023 | School Leadership | - | - | - | - |
| 0031 | Guidance, Counseling, and Evaluation Services | - | - | - | - |
| 0033 | Health Services | 48,928 | - | - | - |
| 0034 | Student (Pupil) Transportation | - | - | - | - |
| 0035 | Food Services | - | - | - | - |
| 0051 | Facilities Maintenance and Operations | - | - | - | - |
| 0052 | Security and Monitoring Services | - | - | - | - |
| 0061 | Community Services | - | - | - | - |
| | Debt Service: | | | | |
| 0071 | Principal on Long-Term Liabilities | - | - | - | - |
| 0072 | Interest on Long-Term Liabilities | - | - | - | - |
| 0073 | Bond Issuance Cost and Fees | - | - | - | - |
| | Intergovernmental: | | | | |
| 0093 | Payments to Fiscal Agent/Member Districts of SSA | - | - | - | - |
| 6030 | Total Expenditures | 720,340 | 12,540 | 16,738 | 53,253 |
| 1200 | Net Change in Fund Balance | - | - | - | - |
| 0100 | Fund Balance - July 1 (Beginning) | - | - | - | - |
| 3000 | Fund Balance - June 30 (Ending) | $ - | $ - | $ - | $ - |

| 255 ESEA II,A Training and Recruiting | 263 Title III, A English Lang. Acquisition | 266 ESSER -School Emergency Relief -CARES | 274 GEAR UP | 279 ESSER III TCLAS ARP Act | 289 Other Federal Special Revenue Funds | 352 SSA - 21st Century Comm. Learning | 397 Advanced Placement Incentives |
|---|---|---|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| - | - | - | - | - | - | - | 267 |
| 94,345 | 6,840 | 81,693 | 84,030 | - | 99,286 | 1,377,952 | - |
| 94,345 | 6,840 | 81,693 | 84,030 | - | 99,286 | 1,377,952 | 267 |
| | | | | | | | |
| 11,567 | 6,840 | 53,468 | 15,556 | - | 52,429 | 591,396 | - |
| - | - | - | - | - | - | - | - |
| 82,778 | - | 6,750 | - | - | - | - | - |
| - | - | - | - | - | - | 159,722 | - |
| - | - | 7,795 | - | - | - | - | - |
| - | - | - | 68,264 | - | 1,350 | - | 267 |
| - | - | - | - | - | 16,841 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 13,680 | - | - | - | - | - |
| - | - | - | - | - | 28,666 | 161 | - |
| - | - | - | - | - | - | 2,009 | - |
| - | - | - | 210 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 624,664 | - |
| 94,345 | 6,840 | 81,693 | 84,030 | - | 99,286 | 1,377,952 | 267 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | | 410 State Instructional Materials | 429 Other State Special Revenue Funds | 499 Other Local Special Revenue Funds | Total Nonmajor Special Revenue Funds |
|---|---|---|---|---|---|
| | REVENUES: | | | | |
| 5700 | Total Local and Intermediate Sources | $ - | $ - | $ 71,675 | $ 71,675 |
| 5800 | State Program Revenues | - | 354,549 | - | 354,816 |
| 5900 | Federal Program Revenues | - | - | - | 2,547,017 |
| 5020 | Total Revenues | - | 354,549 | 71,675 | 2,973,508 |
| | EXPENDITURES: | | | | |
| | Current: | | | | |
| 0011 | Instruction | - | 324,191 | 69,528 | 1,791,045 |
| 0012 | Instructional Resources and Media Services | - | - | - | 70,262 |
| 0013 | Curriculum and Instructional Staff Development | - | - | - | 97,628 |
| 0021 | Instructional Leadership | - | - | - | 169,233 |
| 0023 | School Leadership | - | - | - | 7,795 |
| 0031 | Guidance, Counseling, and Evaluation Services | - | - | - | 69,881 |
| 0033 | Health Services | - | - | - | 65,769 |
| 0034 | Student (Pupil) Transportation | - | - | 2,147 | 2,147 |
| 0035 | Food Services | - | - | - | 13,680 |
| 0051 | Facilities Maintenance and Operations | - | - | - | 28,827 |
| 0052 | Security and Monitoring Services | - | 30,358 | - | 32,367 |
| 0061 | Community Services | - | - | - | 210 |
| | Debt Service: | | | | |
| 0071 | Principal on Long-Term Liabilities | - | - | - | - |
| 0072 | Interest on Long-Term Liabilities | - | - | - | - |
| 0073 | Bond Issuance Cost and Fees | - | - | - | - |
| | Intergovernmental: | | | | |
| 0093 | Payments to Fiscal Agent/Member Districts of SSA | - | - | - | 624,664 |
| 6030 | Total Expenditures | - | 354,549 | 71,675 | 2,973,508 |
| 1200 | Net Change in Fund Balance | - | - | - | - |
| 0100 | Fund Balance - July 1 (Beginning) | - | - | 55,584 | 55,584 |
| 3000 | Fund Balance - June 30 (Ending) | $ - | $ - | $ 55,584 | $ 55,584 |

| 599 Debt Service Fund | 618 Capital Projects Fund | Total Nonmajor Governmental Funds |
|---|---|---|
| $ 341,374 | $ 172 | $ 413,221 |
| 425,643 | - | 780,459 |
| - | - | 2,547,017 |
| 767,017 | 172 | 3,740,697 |
| | | |
| - | - | 1,791,045 |
| - | - | 70,262 |
| - | - | 97,628 |
| - | - | 169,233 |
| - | - | 7,795 |
| - | - | 69,881 |
| - | - | 65,769 |
| - | - | 2,147 |
| - | - | 13,680 |
| - | - | 28,827 |
| - | - | 32,367 |
| - | - | 210 |
| 725,000 | - | 725,000 |
| 299,700 | - | 299,700 |
| 750 | - | 750 |
| - | - | 624,664 |
| 1,025,450 | - | 3,998,958 |
| (258,433) | 172 | (258,261) |
| 1,042,890 | 318 | 1,098,792 |
| $ 784,457 | $ 490 | $ 840,531 |

EXHIBIT H-3

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022

| | 865 High School Student Activity Fund | 876 Middle School Student Activity Fund | 877 Elementary School Student Activity Fund | Total Custodial Funds |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and Cash Equivalents | $ 32,184 | $ 14,931 | $ 11,006 | $ 58,121 |
| Total Assets | 32,184 | 14,931 | 11,006 | 58,121 |
| NET POSITION | | | | |
| Restricted for Other Purposes | 32,184 | 14,931 | 11,006 | 58,121 |
| Total Net Position | $ 32,184 | $ 14,931 | $ 11,006 | $ 58,121 |

EXHIBIT H-4

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | 865 High School Student Activity Fund | 876 Middle School Student Activity Fund | 877 Elementary School Student Activity Fund | Total Total Custodial Funds |
|---|---|---|---|---|
| ADDITIONS: | | | | |
| Enterprising Services Revenue | $ 68,519 | $ 16,269 | $ 7,582 | $ 92,370 |
| Total Additions | 68,519 | 16,269 | 7,582 | 92,370 |
| DEDUCTIONS: | | | | |
| Other Deductions | 59,054 | 7,764 | 11,806 | 78,624 |
| Total Deductions | 59,054 | 7,764 | 11,806 | 78,624 |
| Change in Net Position | 9,465 | 8,505 | (4,224) | 13,746 |
| Net Position - July 1 (Beginning) | 22,719 | 6,426 | 15,230 | 44,375 |
| Net Position - June 30 (Ending) | $ 32,184 | $ 14,931 | $ 11,006 | $ 58,121 |

EXHIBIT H-5

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2022

| | 806 Board and District Scholarship | 807 Lou Ann Richardson Scholarship | Total Private Purpose Trust Funds |
|---|---|---|---|
| ASSETS | | | |
| Cash and Cash Equivalents | $ 4,384 | $ 1,493 | $ 5,877 |
| Total Assets | 4,384 | 1,493 | 5,877 |
| LIABILITIES | | | |
| Payable from Restricted Assets | 4,379 | - | 4,379 |
| Total Liabilities | 4,379 | - | 4,379 |
| NET POSITION | | | |
| Restricted for Scholarships | 5 | 1,493 | 1,498 |
| Total Net Position | $ 5 | $ 1,493 | $ 1,498 |

EXHIBIT H-6

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | 806 Board and District Scholarship | 807 Lou Ann Richardson Scholarship | Total Private Purpose Trust Funds |
|---|---|---|---|
| Change in Net Position | - | - | - |
| Net Position - July 1 (Beginning) | 5 | 1,493 | 1,498 |
| Net Position - June 30 (Ending) | $ 5 | $ 1,493 | $ 1,498 |



# T.E.A. REQUIRED SCHEDULES

*"Warriors On the Move –*

*Education On the Rise"*

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2022

| Last 10 Years | | (1) Tax Rates | (2) | (3) Assessed/Appraised Value for School Tax Purposes |
|---|---|---|---|---|
| | | Maintenance | Debt Service | |
| 2013 | and prior years | Various | Various | $ Various |
| 2014 | | 1.170000 | 0.202200 | 71,342,643 |
| 2015 | | 1.170000 | 0.202200 | 78,746,327 |
| 2016 | | 1.170000 | 0.296600 | 76,355,894 |
| 2017 | | 1.170000 | 0.276960 | 77,442,032 |
| 2018 | | 1.170000 | 0.276960 | 80,595,451 |
| 2019 | | 1.170000 | 0.276960 | 93,914,597 |
| 2020 | | 1.068350 | 0.276970 | 98,142,681 |
| 2021 | | 1.063900 | 0.280290 | 103,014,431 |
| 2022 | (School year under audit) | 0.992000 | 0.260731 | 125,514,050 |
| 1000 | TOTALS | | | |

| (10) Beginning Balance 7/1/2021 | (20) Current Year's Total Levy | (31) Maintenance Collections | (32) Debt Service Collections | (40) Entire Year's Adjustments | (50) Ending Balance 6/30/2022 |
|---|---|---|---|---|---|
| $ 48,162 | $ - | $ 1,913 | $ 307 | $ (2,327) | $ 43,615 |
| 7,132 | - | 536 | 93 | (60) | 6,443 |
| 7,926 | - | 597 | 103 | (73) | 7,153 |
| 12,431 | - | 1,146 | 290 | (80) | 10,915 |
| 15,846 | - | 4,303 | 1,019 | 1,943 | 12,467 |
| 22,754 | - | 7,007 | 1,659 | 2,031 | 16,119 |
| 42,417 | - | 14,427 | 3,416 | 2,058 | 26,632 |
| 64,538 | - | 21,737 | 5,635 | 2,296 | 39,462 |
| 168,456 | - | 68,998 | 18,178 | 2,674 | 83,954 |
| - | 1,628,523 | 1,154,601 | 303,468 | (12,909) | 157,545 |
| $ 389,662 | $ 1,628,523 | $ 1,275,265 | $ 334,168 | $ (4,447) | $ 404,305 |

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|---|---|---|---|---|---|
| | | Original | Final | | |
| | REVENUES: | | | | |
| 5700 | Total Local and Intermediate Sources | $ 55,900 | $ 111,609 | $ 111,502 | $ (107) |
| 5800 | State Program Revenues | 3,800 | 2,653 | 2,652 | (1) |
| 5900 | Federal Program Revenues | 795,552 | 951,357 | 959,350 | 7,993 |
| 5020 | Total Revenues | 855,252 | 1,065,619 | 1,073,504 | 7,885 |
| | EXPENDITURES: | | | | |
| | Current: | | | | |
| 0035 | Food Services | 855,252 | 1,065,619 | 780,637 | 284,982 |
| 0041 | General Administration | - | - | 4,405 | (4,405) |
| | Debt Service: | | | | |
| 0071 | Principal on Long-Term Liabilities | - | - | 97 | (97) |
| 6030 | Total Expenditures | 855,252 | 1,065,619 | 785,139 | 280,480 |
| 1100 | Excess of Revenues Over Expenditures | - | - | 288,365 | 288,365 |
| | OTHER FINANCING SOURCES (USES): | | | | |
| 7913 | Right-to-Use Leases | - | - | 4,405 | 4,405 |
| 1200 | Net Change in Fund Balances | - | - | 292,770 | 292,770 |
| 0100 | Fund Balance - July 1 (Beginning) | - | - | 28,548 | 28,548 |
| 3000 | Fund Balance - June 30 (Ending) | $ - | $ - | $ 321,318 | $ 321,318 |

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|---|---|---|---|---|---|
| | REVENUES: | | | | |
| 5700 | Total Local and Intermediate Sources | $ 345,557 | $ 345,557 | $ 341,374 | $ (4,183) |
| 5800 | State Program Revenues | 679,943 | 679,943 | 425,643 | (254,300) |
| 5020 | Total Revenues | 1,025,500 | 1,025,500 | 767,017 | (258,483) |
| | EXPENDITURES: | | | | |
| | Debt Service: | | | | |
| 0071 | Principal on Long-Term Liabilities | 1,025,500 | 725,000 | 725,000 | - |
| 0072 | Interest on Long-Term Liabilities | - | 299,700 | 299,700 | - |
| 0073 | Bond Issuance Cost and Fees | - | 800 | 750 | 50 |
| 6030 | Total Expenditures | 1,025,500 | 1,025,500 | 1,025,450 | 50 |
| 1200 | Net Change in Fund Balances | - | - | (258,433) | (258,433) |
| 0100 | Fund Balance - July 1 (Beginning) | - | 1,042,890 | 1,042,890 | - |
| 3000 | Fund Balance - June 30 (Ending) | $ - | $ 1,042,890 | $ 784,457 | $ (258,433) |

SANTA ROSA INDEPENDENT SCHOOL DISTRICT

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2022

**Section A: Compensatory Education Programs**

| | | |
|---|---|---|
| AP1 | Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year? | Yes |
| AP2 | Does the LEA have written policies and procedures for its state compensatory education program? | Yes |
| AP3 | List the total state allotment funds received for state compensatory education programs during the district's fiscal year. | 1,222,529 |
| AP4 | List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. | 770,254 |

**Section B: Bilingual Education Programs**

| | | |
|---|---|---|
| AP5 | Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year? | Yes |
| AP6 | Does the LEA have written policies and procedures for its bilingual education program? | Yes |
| AP7 | List the total state allotment funds received for bilingual education programs during the LEA's fiscal year. | 96,960 |
| AP8 | List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35) | 73,657 |

## STATISTICAL SECTION OVERVIEW

(Unaudited)

*The Statistical Section of the District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.*

**CONTENTS** **PAGE**


**Financial Trends Information** **116**

*Compiles information reported in the Annual Comprehensive Financial Report over the past ten years. These schedules contain information to help the reader understand how the District's financial performance has changed over time.*

**Revenue and Expenditure Capacity** **123**

*This section contains schedules that provide information about the District's most significant major own-source revenue, which is property taxes, and the factors that impact the District's ability to generate such revenue and the stability of revenue.*

**Debt Capacity Information** **130**

*These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt, the District's ability to repay the debt, and the District's ability to issue additional debt in the future.*

**Demographic and Economic Information** **143**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and thee changes to those groups over the past ten years, if possible.*

**Operating Information** **147**

*These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial reports relates to the services the District provides and activities it performs.*


**SOURCES**

*Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The District implemented GASB Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.*

# FINANCIAL TRENDS INFORMATION

*"Warriors On the Move –*

*Education On the Rise"*

SCHEDULE 1

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***NET POSITION BY COMPONENT***
***LAST TEN FISCAL YEARS***
***(ACCRUAL BASIS OF ACCOUNTING)***

*(Unaudited)*

| | Governmental Activities | | | |
|---|---|---|---|---|
| **Fiscal Year** | **Net Investment in Capital Assets** | **Restricted** | **Unrestricted** | **Total Net Position** |
| 2013 | 12,302,565 | 164,971 | 5,616,807 | 18,084,343 |
| 2014 | 13,087,506 | 161,029 | 5,209,945 | 18,458,480 |
| 2015 | 12,864,264 | 232,510 | 4,046,531 | 17,143,305 |
| 2016 | 13,362,577 | 136,947 | 3,762,183 | 17,261,707 |
| 2017 | 13,340,476 | 491,721 | 3,092,018 | 16,924,215 |
| 2018 | 14,074,069 | 572,219 | (5,645,865) | 9,000,423 |
| 2019 | 14,826,956 | 361,910 | (6,261,795) | 8,927,071 |
| 2020 | 14,984,904 | 1,032,613 | (6,760,531) | 9,256,986 |
| 2021 | 15,369,675 | 1,144,150 | (5,675,077) | 10,838,748 |
| 2022 | 16,027,534 | 1,183,508 | (4,237,052) | 12,973,990 |

Source: The District's Statement of Net Position (Exhibit A-1)

SCHEDULE 2

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***GOVERNMENTAL ACTIVITIES EXPENSES & PROGRAM REVENUES***
***LAST TEN FISCAL YEARS***
***(ACCRUAL BASIS OF ACCOUNTING)***

(Unaudited)

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| **Expenses** | | | | | | |
| Governmental Activities: | | | | | | |
| Instruction | $ 7,010,870 | $ 7,008,732 | $ 6,761,544 | $ 7,396,103 | $ 7,395,194 | $ 5,113,612 |
| Instructional Resources and Media Services | 128,494 | 143,158 | 148,536 | 175,998 | 164,003 | 124,945 |
| Curriculum and Staff Development | 239,020 | 133,298 | 148,956 | 149,803 | 95,468 | 65,369 |
| Instructional Leadership | 473,605 | 250,915 | 229,197 | 224,677 | 219,536 | 161,399 |
| School Leadership | 536,257 | 523,307 | 548,404 | 602,516 | 640,547 | 450,869 |
| Guidance, Counseling, & Evaluation Services | 448,347 | 403,669 | 415,363 | 442,925 | 448,206 | 246,301 |
| Social Work Services | 38,005 | 8,094 | - | 72,157 | 113,856 | 65,630 |
| Health Services | 143,684 | 177,994 | 181,441 | 192,732 | 191,292 | 131,147 |
| Student Transportation | 325,161 | 214,152 | 269,810 | 227,510 | 262,799 | 160,946 |
| Food Service | 894,329 | 916,660 | 865,877 | 957,602 | 935,409 | 695,466 |
| Cocurricular/Extracurricular Activities | 1,009,340 | 956,011 | 976,749 | 1,099,488 | 1,120,053 | 954,428 |
| General Administration | 702,357 | 666,644 | 702,870 | 905,921 | 823,576 | 766,948 |
| Plant Maintenance and Operations | 1,913,607 | 2,047,499 | 2,000,166 | 2,003,002 | 2,052,265 | 1,909,322 |
| Security and Monitoring Services | 92,057 | 132,966 | 198,635 | 201,359 | 210,953 | 160,369 |
| Data Processing Services | 284,064 | 246,958 | 227,830 | 311,194 | 265,715 | 552,121 |
| Community Services | 185,384 | 150,156 | 38,933 | 43,675 | 44,224 | 28,771 |
| Interest on Long Term Debt | 789,650 | 702,287 | 604,487 | 583,379 | 348,785 | 304,008 |
| Bond Issuance Cost and Fees | 900 | - | - | - | 341,304 | 1,856 |
| Payments Related to Shared Services Arrangements | 39,392 | 57,758 | 86,542 | 80,507 | 76,838 | 71,171 |
| Payments to Juvenile Justice Alternative Ed. Prg. | - | 1,198 | 995 | - | - | - |
| Other Intergovernmental Charges | 9,936 | 8,089 | 14,584 | 9,846 | 12,959 | 17,747 |
| Total Governmental Activities | 15,264,459 | 14,749,545 | 14,420,919 | 15,680,394 | 15,762,982 | 11,982,425 |
| **Program Revenues** | | | | | | |
| Charges for Services | | | | | | |
| Instruction | 251 | 725 | - | - | - | - |
| Guidance, Counseling, & Evaluation Services | 93,480 | 89,244 | 82,478 | 66,710 | 58,202 | - |
| Food Service | 90,210 | 105,291 | 85,171 | 98,365 | 79,606 | 75,943 |
| Cocurricular/Extracurricular Activities | 34,709 | 29,443 | 31,878 | 33,526 | 46,261 | 39,553 |
| Operating Grants and Contributions | 4,232,777 | 3,059,613 | 2,444,033 | 2,844,710 | 2,679,302 | 883,462 |
| **Total Governmental Activities Program Revenues** | 4,451,427 | 3,284,316 | 2,643,560 | 3,043,311 | 2,863,371 | 998,958 |
| **Net Governmental Activities Revenue/(Expense)** | $ (10,813,032) | $ (11,465,229) | $ (11,777,359) | $ (12,637,083) | $ (12,899,611) | $ (10,983,467) |

Source: The District's Statement of Activities (Exhibit B-1)

| 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|
| $ 8,467,325 | $ 7,904,055 | $ 7,759,031 | $ 8,252,580 |
| 180,336 | 181,112 | 172,395 | 174,992 |
| 134,122 | 179,432 | 220,308 | 285,896 |
| 332,983 | 294,891 | 147,121 | 169,989 |
| 706,063 | 645,895 | 646,520 | 806,635 |
| 452,071 | 419,205 | 421,104 | 342,712 |
| 105,415 | 56,980 | 69,260 | - |
| 217,182 | 215,338 | 214,264 | 265,537 |
| 294,165 | 154,537 | 181,439 | 175,339 |
| 907,412 | 739,368 | 667,280 | 848,010 |
| 1,060,644 | 863,459 | 583,502 | 844,552 |
| 1,255,007 | 838,133 | 913,702 | 640,055 |
| 2,207,755 | 1,810,709 | 2,432,481 | 2,768,042 |
| 254,572 | 279,528 | 261,442 | 277,947 |
| 572,571 | 287,596 | 642,373 | 359,697 |
| 49,070 | 22,498 | 22,702 | 24,537 |
| 283,512 | 201,930 | 251,035 | 239,570 |
| - | 700 | 750 | 750 |
| 625,408 | 733,936 | 826,924 | 853,317 |
| - | - | - | - |
| 16,154 | 12,067 | 16,996 | 19,667 |
| 18,121,767 | 15,841,369 | 16,450,629 | 17,349,824 |
| | | | |
| - | - | - | - |
| - | - | - | - |
| 79,421 | 59,565 | 38,599 | 58,453 |
| 35,241 | 32,758 | 3,193 | 29,936 |
| 4,521,361 | 3,026,959 | 4,537,307 | 6,810,906 |
| 4,636,023 | 3,119,282 | 4,579,099 | 6,899,295 |
| $ (13,485,744) | $ (12,722,087) | $ (11,871,530) | $ (10,450,529) |

SCHEDULE 3

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***GENERAL REVENUES AND CHANGES IN NET POSITION***
***LAST TEN FISCAL YEARS***
***(ACCRUAL BASIS OF ACCOUNTING)***

(Unaudited)

| | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|
| **Net Governmental Activities Revenue /(Expense)** | $ (10,813,032) | (11,465,229) | (11,777,359) | (12,637,083) |
| General Revenues and Changes in Net Position: | | | | |
| Property Taxes, Levied for General Purposes | 782,882 | 728,096 | 870,588 | 871,689 |
| Property Taxes - Debt Service | 135,459 | 124,705 | 150,502 | 221,972 |
| State Aid | 9,525,926 | 9,682,347 | 10,098,466 | 10,534,837 |
| Grants & Contributions not Restricted | 1,386,426 | 1,140,560 | 1,147,579 | 1,219,350 |
| Investment Earnings | 5,075 | 15,270 | 17,768 | 23,376 |
| Transfer In (Out) | - | - | - | - |
| Miscellaneous Local and Intermediate Revenue | 147,691 | 148,388 | 69,090 | 72,834 |
| Total General Revenues | 11,983,459 | 11,839,366 | 12,353,993 | 12,944,058 |
| Change in Net Position | $ 1,170,427 | $ 374,137 | $ 576,634 | $ 306,975 |

Source: The District's Statement of Activities (Exhibit B-1)

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2017** | **2018** | **2019** | **2020** | **2021** | **2022** |
| (12,899,611) | (10,983,467) | (13,485,744) | (12,722,087) | (11,871,530) | (10,450,529) |
| 904,839 | 953,001 | 1,037,282 | 1,014,444 | 1,126,550 | 1,305,159 |
| 214,976 | 225,842 | 245,737 | 262,382 | 295,478 | 342,342 |
| 9,867,780 | 10,699,072 | 10,745,321 | 10,075,512 | 11,015,838 | 10,164,739 |
| 1,031,796 | 1,090,346 | 1,091,665 | 1,598,552 | 916,371 | 664,033 |
| 36,298 | 64,173 | 78,938 | 42,098 | 18,115 | 14,386 |
| - | - | - | - | - | - |
| 506,430 | 91,543 | 213,449 | 59,014 | 80,941 | 95,112 |
| 12,562,119 | 13,123,977 | 13,412,392 | 13,052,002 | 13,453,293 | 12,585,771 |
| $ (337,492) | $ 2,140,510 | $ (73,352) | $ 329,915 | $ 1,581,763 | $ 2,135,242 |

SCHEDULE 4

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***FUND BALANCES - GOVERNMENTAL FUNDS***
***LAST TEN FISCAL YEARS***
***(MODIFIED ACCRUAL BASIS OF ACCOUNTING)***

(Unaudited)

| | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|
| **General Fund** | | | | |
| **POST GASB 54** | | | | |
| *Nonspendable:* | | | | |
| Investments in Inventory | $ 8,366 | $ 2,018 | $ 24,150 | $ 9,202 |
| Prepaid Items | - | | | 94,035 |
| *Restricted:* | | | | |
| Restricted - Federal or State Funds Grant Restriction | 48,332 | 78,050 | 109,133 | 103,800 |
| *Assigned:* | | | | |
| Assigned for Construction | - | - | - | - |
| *Unassigned:* | | | | |
| Reported in the General Fund | 5,206,488 | 5,292,712 | 5,758,789 | 5,431,527 |
| **Total General Fund Balance** | 5,263,186 | 5,372,780 | 5,892,072 | 5,638,564 |
| **All Other Governmental Funds** | | | | |
| **POST GASB 54** | | | | |
| Special Revenues | | | | |
| *Unassigned:* | | | | |
| Federal or State Funds Grant Restriction | - | - | - | - |
| Debt Service | | | | |
| *Restricted:* | | | | |
| Retirement of Long-Term Debt | 56,660 | 7,828 | 31,290 | 35,309 |
| Other Funds | | | | |
| *Restricted:* | | | | |
| Restricted - Federal or State Funds Grant Restriction | - | - | - | - |
| Capital Projects | | | | |
| *Restricted:* | | | | |
| Other Purposes | 59,979 | 1,207 | 2,435 | 3,583 |
| *Assigned:* | | | | |
| Other Assigned Fund Balance | - | - | - | - |
| *Unassigned:* | | | | |
| Other Unassigned Fund Balance | - | - | - | - |
| Total All Other Governmental Fund Balance | 116,639 | 9,035 | 33,725 | 38,892 |
| **Total Government Funds -- Fund Balance** | $ 5,379,825 | $ 5,381,815 | $ 5,925,797 | $ 5,677,456 |
| **Governmental Funds** | | | | |
| Beginning Fund Balance | $ 4,703,687 | $ 5,379,825 | $ 5,381,815 | $ 5,925,797 |
| Net Change in Fund Balance | 676,138 | 1,990 | 543,982 | (248,341) |
| **Ending Balance** | $ 5,379,825 | $ 5,381,815 | $ 5,925,797 | $ 5,677,456 |

Source: The District's Governmental Funds Balance Sheets (Exhibit C-1)

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| | | | | | |
| $ 22,367 | $ 25,581 | $ 25,581 | $ 26,627 | $ 24,298 | $ 17,348 |
| 70 | - | - | 450 | 2,100 | 5,702 |
| 5,221 | 30,898 | 30,897 | 72,350 | 4,250 | 303,970 |
| - | - | - | - | - | - |
| 5,306,398 | 4,808,046 | 4,676,674 | 4,580,430 | 5,843,364 | 6,619,497 |
| 5,334,056 | 4,864,525 | 4,733,152 | 4,679,857 | 5,874,012 | 6,946,517 |
| | | | | | |
| - | - | - | - | - | - |
| 10,909 | 178,720 | 198,157 | 1,020,938 | 1,042,890 | 784,457 |
| - | - | - | - | - | - |
| 423,155 | 305,383 | - | - | 55,902 | 56,074 |
| - | - | - | - | - | - |
| - | - | (122,536) | - | - | - |
| 434,064 | 484,104 | 75,621 | 1,020,938 | 1,098,792 | 840,531 |
| $ 5,768,120 | $ 5,348,629 | $ 4,808,773 | $ 5,700,795 | $ 6,972,804 | $ 7,787,048 |
| | | | | | |
| $ 5,677,456 | $ 5,768,120 | $ 5,348,629 | $ 4,808,773 | $ 5,700,795 | $ 6,972,804 |
| 90,664 | (419,492) | (539,856) | 892,022 | 1,272,009 | 814,244 |
| $ 5,768,120 | $ 5,348,629 | $ 4,808,773 | $ 5,700,795 | $ 6,972,804 | $ 7,787,048 |

# REVENUE AND EXPENDITURE CAPACITY

*"Warriors On the Move –*

*Education On the Rise"*

SCHEDULE 5

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***GOVERNMENTAL FUND REVENUES BY SOURCE***
***LAST TEN FISCAL YEARS***
***(MODIFIED ACCRUAL BASIS OF ACCOUNTING)***

(Unaudited)

| Fiscal Year | Local and Intermediate Sources | State Program Revenues | Federal Programs Revenues | Total |
|---|---|---|---|---|
| 2013 | 1,221,029 | 10,944,499 | 4,195,951 | 16,361,479 |
| 2014 | 1,236,830 | 11,234,211 | 2,643,821 | 15,114,862 |
| 2015 | 1,334,712 | 11,604,140 | 2,085,935 | 15,024,787 |
| 2016 | 1,400,014 | 12,156,509 | 2,133,918 | 15,690,441 |
| 2017 | 1,538,079 | 11,339,096 | 2,147,343 | 15,024,518 |
| 2018 | 1,591,326 | 12,475,684 | 2,154,482 | 16,221,492 |
| 2019 | 1,704,429 | 12,480,381 | 3,453,339 | 17,638,149 |
| 2020 | 1,415,233 | 11,412,408 | 2,691,439 | 15,519,080 |
| 2021 | 1,585,581 | 12,450,457 | 3,844,591 | 17,880,629 |
| 2022 | 1,962,821 | 11,509,277 | 6,715,816 | 20,187,914 |

Source: The District's Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances Exhibit C-3

SCHEDULE 6

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***GOVERNMENTAL FUND EXPENDITURES BY FUNCTION***
***LAST TEN FISCAL YEARS***
***(MODIFIED ACCRUAL BASIS OF ACCOUNTING)***

(Unaudited)

| Function | 2013 | 2014 | 2015 |
|---|---|---|---|
| Instruction | $ 6,931,463 | $ 6,640,054 | $ 6,480,074 |
| Instructional Resources and Media Services | 120,485 | 132,764 | 137,202 |
| Curriculum and Staff Development | 224,122 | 123,609 | 137,040 |
| Instructional Leadership | 444,086 | 232,676 | 213,199 |
| School Leadership | 502,833 | 492,477 | 506,258 |
| Guidance, Counseling, & Evaluation Services | 420,402 | 374,389 | 384,525 |
| Social Work Services | 35,636 | 7,506 | - |
| Health Services | 134,728 | 165,076 | 168,078 |
| Student Transportation | 346,875 | 352,335 | 249,607 |
| Food Service | 1,014,357 | 870,729 | 804,896 |
| Cocurricular/Extracurricular Activities | 952,103 | 886,588 | 900,119 |
| General Administration | 658,580 | 640,094 | 648,426 |
| Plant Maintenance and Operations | 1,803,031 | 1,931,944 | 1,841,603 |
| Security and Monitoring Services | 86,319 | 123,322 | 183,613 |
| Data Processing Services | 274,464 | 434,297 | 276,672 |
| Community Services | 173,829 | 139,241 | 36,366 |
| Principal on Long Term Debt | 324,133 | 741,175 | 829,192 |
| Interest on Long Term Debt | 984,865 | 633,840 | 614,390 |
| Bond Issuance Cost and Fees | 900 | - | - |
| Capital Outlay | 412,859 | 309,418 | 154,434 |
| Payments Related to Shared Services Arrangements | 39,392 | 57,758 | 86,542 |
| Payments to Juvenile Justice Alternative Ed. Prg. | - | 1,198 | 995 |
| Other Intergovernmental Charges | 9,936 | 8,089 | 14,584 |
| Total Expenditures | 15,895,398 | 15,298,579 | 14,667,815 |
| Ratio of Debt Service to Noncapital Expenditures | 8.5% | 9.2% | 9.9% |
| Ratio of Capital Outlay to Operating Expenditures | 2.9% | 2.3% | 1.2% |

Source: The District's Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balar
Exhibit C-3

Note: Operating expenditures exclude debt service and capital outlay amounts.
Noncapital expenditures exclude capital outlays amounts.

| Fiscal Year | | | | | | |
|---|---|---|---|---|---|---|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| $ 6,563,727 | $ 6,658,228 | $ 7,155,299 | $ 7,561,406 | $ 6,713,653 | $ 7,251,030 | $ 8,851,724 |
| 157,574 | 146,974 | 162,609 | 160,626 | 152,225 | 158,101 | 199,133 |
| 137,120 | 88,119 | 64,314 | 123,697 | 156,438 | 203,412 | 285,916 |
| 199,369 | 191,510 | 244,323 | 298,350 | 239,968 | 134,784 | 176,205 |
| 532,886 | 582,529 | 606,787 | 628,130 | 546,834 | 590,832 | 863,038 |
| 392,689 | 403,610 | 349,654 | 401,642 | 356,366 | 385,580 | 362,118 |
| 64,236 | 97,759 | 103,961 | 93,823 | 46,791 | 63,711 | - |
| 170,451 | 170,604 | 188,516 | 192,470 | 181,041 | 195,716 | 273,520 |
| 285,248 | 239,524 | 649,680 | 257,136 | 123,814 | 166,667 | 189,653 |
| 862,077 | 890,708 | 836,992 | 839,293 | 646,825 | 618,830 | 829,070 |
| 1,004,240 | 1,059,833 | 1,046,807 | 962,577 | 761,237 | 537,786 | 841,927 |
| 813,961 | 752,840 | 880,582 | 1,145,172 | 742,325 | 844,956 | 1,363,364 |
| 1,824,616 | 1,916,981 | 2,070,371 | 2,056,429 | 1,650,224 | 2,285,560 | 2,755,798 |
| 177,661 | 252,593 | 214,070 | 225,092 | 246,523 | 304,111 | 289,016 |
| 295,266 | 344,531 | 579,431 | 560,739 | 369,455 | 597,157 | 508,825 |
| 38,945 | 37,988 | 42,243 | 43,717 | 18,620 | 21,225 | 23,125 |
| 930,289 | 1,038,058 | 832,854 | 803,954 | 141,878 | 845,270 | 947,583 |
| 586,230 | 401,353 | 458,252 | 421,447 | 217,723 | 366,430 | 339,063 |
| - | 341,304 | 1,856 | - | 700 | 750 | 750 |
| 609,932 | 28,800 | 63,465 | 827,189 | 568,415 | 192,792 | 124,457 |
| 80,507 | 76,838 | 71,171 | 625,408 | 733,936 | 826,924 | 853,317 |
| - | - | - | - | - | - | - |
| 9,846 | 12,959 | 17,747 | 16,154 | 12,067 | 16,996 | 19,667 |
| 15,736,870 | 15,733,643 | 16,640,984 | 18,244,451 | 14,627,058 | 16,608,620 | 20,097,269 |
| 10.0% | 11.3% | 7.8% | 7.0% | 2.6% | 7.4% | 6.4% |
| 4.5% | 0.2% | 0.4% | 5.1% | 4.1% | 1.3% | 0.7% |

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SCHEDULE 7

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***GOVERMENTAL FUNDS OTHER SOURCES, USES***
***AND CHANGES IN FUND BALANCES***
***LAST TEN FISCAL YEARS***
***(MODIFIED ACCRUAL BASIS OF ACCOUNTING)***

(Unaudited)

| | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|
| Excess of Revenues Over (Under) Expenditures | $ 466,081 | $ (183,717) | $ 356,972 | $ (46,429) |
| Other Financing Sources (Uses) | | | | |
| Refunding Bonds Issued | - | - | - | - |
| Capital-Related Debt Issued | - | - | - | - |
| Capital Leases | 210,057 | 185,707 | 187,010 | - |
| Prepaid Interest | - | - | - | - |
| Sale of Real and Personal Property | - | - | - | - |
| Non-Current Loans | - | - | - | - |
| Transfers In | 752,446 | 743,193 | 785,927 | 792,082 |
| Insurance Recovery | - | - | - | - |
| Premium or Discount on Issuance of Bonds | - | - | - | - |
| Other Resources | - | - | - | - |
| Transfers Out | (752,446) | (743,193) | (785,927) | (792,082) |
| Payment to Bond Refuding Escrow Agent | - | - | - | - |
| Right-to-Use Leases | - | - | - | - |
| Other Uses | - | - | - | - |
| Total Other Financing Sources (Uses) | 210,057 | 185,707 | 187,010 | - |
| Prior Period Adjustment | - | - | - | (201,912) |
| Net Change in Fund Balances | $ 676,138 | $ 1,990 | $ 543,982 | $ (248,341) |

Source: The District's Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances
Exhibit C-3

| Fiscal Year | | | | | | |
|---|---|---|---|---|---|---|
| **2017** | **2018** | **2019** | **2020** | **2021** | **2022** |
| $ (709,125) | $ (419,492) | $ (606,302) | $ 892,022 | $ 1,272,009 | $ 90,645 |
| 9,900,000 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | |
| - | - | - | - | | - |
| - | - | 66,446 | - | - | - |
| - | - | - | - | | - |
| 100,000 | - | - | 372,365 | 498,321 | 694,638 |
| 420,000 | - | - | - | - | - |
| 1,276,927 | - | - | - | - | - |
| - | - | - | - | | - |
| (100,000) | - | - | (372,365) | (498,321) | (694,638) |
| (10,797,138) | - | - | - | - | - |
| - | - | - | - | - | 723,599 |
| - | - | - | - | - | - |
| 799,789 | - | 66,446 | - | - | 723,599 |
| - | - | - | - | - | - |
| $ 90,664 | $ (419,492) | $ (539,856) | $ 892,022 | $ 1,272,009 | $ 814,244 |

SCHEDULE 8

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***GOVERNMENTAL FUND EXPENDITURES BY FUNCTION***
***PER AVERAGE DAILY ATTENDANCE***
***LAST TEN FISCAL YEARS***
***(MODIFIED ACCRUAL BASIS OF ACCOUNTING)***

(Unaudited)

| Function | 2013 | 2014 | 2015 |
|---|---|---|---|
| Instruction | $ 6,336 | $ 6,075 | $ 6,085 |
| Instructional Resources and Media Services | $ 110 | $ 121 | $ 129 |
| Curriculum and Staff Development | $ 205 | $ 113 | $ 129 |
| Instructional Leadership | $ 406 | $ 213 | $ 200 |
| School Leadership | $ 460 | $ 451 | $ 475 |
| Guidance, Counseling, & Evaluation Services | $ 384 | $ 343 | $ 361 |
| Social Work Services | $ 33 | $ 7 | $ - |
| Health Services | $ 123 | $ 151 | $ 158 |
| Student Transportation | $ 317 | $ 322 | $ 234 |
| Food Service | $ 927 | $ 797 | $ 756 |
| Cocurricular/Extracurricular Activities | $ 870 | $ 811 | $ 845 |
| General Administration | $ 602 | $ 586 | $ 609 |
| Plant Maintenance and Operations | $ 1,648 | $ 1,768 | $ 1,729 |
| Security and Monitoring Services | $ 79 | $ 113 | $ 172 |
| Data Processing Services | $ 251 | $ 397 | $ 260 |
| Community Services | $ 159 | $ 127 | $ 34 |
| Principal on Long Term Debt | $ 296 | $ 678 | $ 779 |
| Interest on Long Term Debt | $ 900 | $ 580 | $ 577 |
| Bond Issuance Cost and Fees | $ 1 | $ - | $ - |
| Capital Outlay | $ 377 | $ 283 | $ 145 |
| Payments Related to Shared Services Arrangements | $ 36 | $ 53 | $ 81 |
| Payments to Juvenile Justice Alternative Ed. Prg. | $ - | $ 1 | $ 1 |
| Other Intergovernmental Charges | $ 9 | $ 7 | $ 14 |
| Total Expenditures | $ 14,530 | $ 13,997 | $ 13,773 |
| Average Daily Attendance | 1,094 | 1,093 | 1,065 |

Source: The District's Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balar
Exhibit C-3

| | Fiscal Year | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** |
| | $ 6,210 | $ 6,410 | $ 6,927 | $ 7,363 | $ 7,906 | $ 8,377 | $ 11,224 |
| | $ 149 | $ 141 | $ 157 | $ 156 | $ 179 | $ 183 | $ 252 |
| | $ 130 | $ 85 | $ 62 | $ 120 | $ 184 | $ 235 | $ 363 |
| | $ 189 | $ 184 | $ 237 | $ 291 | $ 283 | $ 156 | $ 223 |
| | $ 504 | $ 561 | $ 587 | $ 612 | $ 644 | $ 683 | $ 1,094 |
| | $ 372 | $ 389 | $ 338 | $ 391 | $ 420 | $ 445 | $ 459 |
| | $ 61 | $ 94 | $ 101 | $ 91 | $ 55 | $ 74 | $ - |
| | $ 161 | $ 164 | $ 182 | $ 187 | $ 213 | $ 226 | $ 347 |
| | $ 270 | $ 231 | $ 629 | $ 250 | $ 146 | $ 193 | $ 240 |
| | $ 816 | $ 857 | $ 810 | $ 817 | $ 762 | $ 715 | $ 1,051 |
| | $ 950 | $ 1,020 | $ 1,013 | $ 937 | $ 896 | $ 621 | $ 1,068 |
| | $ 770 | $ 725 | $ 852 | $ 1,115 | $ 874 | $ 976 | $ 1,729 |
| | $ 1,726 | $ 1,845 | $ 2,004 | $ 2,002 | $ 1,943 | $ 2,641 | $ 3,494 |
| | $ 168 | $ 243 | $ 207 | $ 219 | $ 290 | $ 351 | $ 366 |
| | $ 279 | $ 332 | $ 561 | $ 546 | $ 435 | $ 690 | $ 645 |
| | $ 37 | $ 37 | $ 41 | $ 43 | $ 22 | $ 25 | $ 29 |
| | $ 880 | $ 999 | $ 806 | $ 783 | $ 167 | $ 977 | $ 1,202 |
| | $ 555 | $ 386 | $ 444 | $ 410 | $ 256 | $ 423 | $ 430 |
| | $ - | $ 329 | $ 2 | $ - | $ 1 | $ 1 | $ 1 |
| | $ 577 | $ 28 | $ 61 | $ 805 | $ 669 | $ 223 | $ 158 |
| | $ 76 | $ 74 | $ 69 | $ 609 | $ 864 | $ 955 | $ 1,082 |
| | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | $ 9 | $ 12 | $ 17 | $ 16 | $ 14 | $ 20 | $ 25 |
| | $ 14,888 | $ 15,147 | $ 16,109 | $ 17,765 | $ 17,225 | $ 19,188 | $ 25,482 |
| | 1,057 | 1,039 | 1,033 | 1,027 | 849 | 866 | 789 |

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# DEBT CAPACITY

*"Warriors On the Move –*

*Education On the Rise"*

SCHEDULE 9

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY***
***LAST TEN FISCAL YEARS***

(Unaudited)

| Fiscal Year | Assessed Taxable Value | | | Estimated Actual Market Value | Ratio of Total Assessed To Total Estimated Actual Value | *Total Direct Tax Rate |
|---|---|---|---|---|---|---|
| | Real Property | Personal Property | Total | | | |
| 2013 | 58,712,787 | 6,787,110 | 65,499,897 | 132,850,053 | 49.30% | 1.372200 |
| 2014 | 59,133,999 | 7,742,676 | 66,876,675 | 133,693,137 | 50.02% | 1.372200 |
| 2015 | 62,817,540 | 8,554,971 | 71,372,511 | 138,755,741 | 51.44% | 1.372200 |
| 2016 | 64,480,454 | 9,248,972 | 73,729,426 | 149,213,406 | 49.41% | 1.466600 |
| 2017 | 67,954,831 | 8,896,835 | 76,851,666 | 154,790,546 | 49.65% | 1.446965 |
| 2018 | 71,236,755 | 9,358,696 | 80,595,451 | 158,211,127 | 50.94% | 1.446965 |
| 2019 | 77,254,190 | 9,833,215 | 87,087,405 | 171,488,068 | 50.78% | 1.446965 |
| 2020 | 79,791,106 | 11,295,679 | 91,086,785 | 173,767,006 | 52.42% | 1.345320 |
| 2021 | 84,503,543 | 11,850,936 | 96,354,479 | 179,511,450 | 53.68% | 1.344190 |
| 2022 | 107,667,935 | 15,752,947 | 123,420,882 | 209,945,664 | 58.79% | 1.252731 |

Source: Cameron County Appraisal District

* Per $100 of assessed value

SCHEDULE 10

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***PROPERTY TAX LEVIES AND COLLECTIONS***
***LAST TEN FISCAL YEARS***

(Unaudited)

| | | | | Collected Within the Fiscal Year of the Levy | | | Total Collections to Date | |
|---|---|---|---|---|---|---|---|---|
| **Fiscal Year** | **Original Tax Levy** | **Adjustments** | **Adjusted Tax Levy** | **Taxes Collected** | **Percent of Adjusted Tax Levy** | **Collections in Subsequent Years** | **Total Taxes Collected** | **Total Collected as Percent of Current Tax Levy** |
| 2013 | 956,200 | (3,785) | 952,415 | 859,239 | 89.86% | 84,792 | 944,031 | 98.73% |
| 2014 | 978,964 | (1,481) | 977,483 | 858,807 | 87.73% | 109,791 | 968,598 | 98.94% |
| 2015 | 1,055,163 | (4,199) | 1,050,964 | 948,729 | 89.91% | 90,201 | 1,038,930 | 98.46% |
| 2016 | 1,119,377 | 9,192 | 1,128,569 | 997,788 | 89.14% | 112,192 | 1,109,980 | 99.16% |
| 2017 | 1,162,364 | (3,594) | 1,158,770 | 1,023,811 | 88.08% | 102,615 | 1,126,426 | 96.91% |
| 2018 | 1,211,137 | 2,697 | 1,213,834 | 1,084,443 | 89.54% | 73,862 | 1,158,305 | 95.64% |
| 2019 | 1,321,679 | (3,650) | 1,318,029 | 1,180,963 | 89.35% | - | 1,180,963 | 89.35% |
| 2020 | 1,284,061 | (517) | 1,283,544 | 1,119,712 | 87.20% | - | 1,119,712 | 87.20% |
| 2021 | 1,348,014 | 12,479 | 1,360,493 | 1,192,037 | 88.43% | - | 1,192,037 | 88.43% |
| 2022 | 1,628,523 | (12,909) | 1,615,614 | 1,458,070 | 89.53% | - | 1,458,069.51 | 89.53% |

Source: The District's Schedule of Delinquent Tax Receivable (Exhibit J-1)

Note (1): The tax levy shown above is the adjusted tax levy as of the fiscal year end.

Note (2): Total Tax Collections include only the taxes collected for current and prior year. Penalty charges and interest are not included in Total Tax Collections.

SCHEDULE 11

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
**ALLOCATION OF PROPERTY TAX RATES AND LEVIES**
**LAST TEN FISCAL YEARS**

(Unaudited)

| | Tax Rates (Per $100 of Assessed Value) | | | Tax Levies | | |
|---|---|---|---|---|---|---|
| Fiscal Year | General Fund | Debt Service Fund | Total | General Fund | Debt Service Fund | Original Levy Total |
| 2013 | 1.170000 | 0.202200 | 1.372200 | 815,300 | 140,900 | 956,200 |
| 2014 | 1.170000 | 0.202200 | 1.372200 | 834,709 | 144,255 | 978,964 |
| 2015 | 1.170000 | 0.202200 | 1.372200 | 899,680 | 155,483 | 1,055,163 |
| 2016 | 1.170000 | 0.296600 | 1.466600 | 892,998 | 226,379 | 1,119,377 |
| 2017 | 1.170000 | 0.276965 | 1.446965 | 939,875 | 222,489 | 1,162,364 |
| 2018 | 1.170000 | 0.276965 | 1.446965 | 979,312 | 231,825 | 1,211,137 |
| 2019 | 1.170000 | 0.276965 | 1.446965 | 1,068,695 | 252,984 | 1,321,679 |
| 2020 | 1.068350 | 0.276970 | 1.345320 | 1,019,703 | 264,358 | 1,284,061 |
| 2021 | 1.063900 | 0.280290 | 1.344190 | 1,066,927 | 281,087 | 1,348,014 |
| 2022 | 0.992000 | 0.260731 | 1.252731 | 1,289,578 | 338,945 | 1,628,523 |

Source: The District's Schedule of Delinquent Tax Receivable (Exhibit J-1)

Note: The basis for the property tax rate is $100 assessed valuation.

SCHEDULE 12

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS***
***(PER $100 ASSESSED VALUATION)***
***LAST TEN FISCAL YEARS***

(Unaudited)

| | | Direct Tax Rate | Overlapping Tax Rates | | | |
|---|---|---|---|---|---|---|
| Fiscal Year | Tax Year | Santa Rosa Independent School District | South Texas ISD | City of Santa Rosa | Cameron County | Total Direct and Overlapping Tax Rate |
| 2013 | 2012 | 1.372200 | 0.049200 | 0.571975 | 0.384291 | 2.377666 |
| 2014 | 2013 | 1.372200 | 0.049200 | 0.569529 | 0.384291 | 2.375220 |
| 2015 | 2014 | 1.372200 | 0.049200 | 0.575830 | 0.399291 | 2.396521 |
| 2016 | 2015 | 1.466600 | 0.049200 | 0.575649 | 0.399291 | 2.490740 |
| 2017 | 2016 | 1.446965 | 0.049200 | 0.650000 | 0.407743 | 2.553908 |
| 2018 | 2017 | 1.446965 | 0.049200 | 0.720000 | 0.410803 | 2.626968 |
| 2019 | 2018 | 1.446965 | 0.049200 | 0.720000 | 0.416893 | 2.633058 |
| 2020 | 2019 | 1.345320 | 0.049200 | 0.750000 | 0.436893 | 2.581413 |
| 2021 | 2020 | 1.344190 | 0.049200 | 0.750000 | 0.436893 | 2.580283 |
| 2022 | 2021 | 1.252731 | 0.049200 | 0.736092 | 0.436893 | 2.474916 |

Source: Cameron County Tax Assessor-Collector

SCHEDULE 13

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***PRINCIPAL PROPERTY TAXPAYERS***
***CURRENT YEAR AND NINE YEARS PRIOR***

(Unaudited)

| | | Fiscal Year 2022 | | | Fiscal Year 2013 | | |
|---|---|---|---|---|---|---|---|
| **Taxpayer** | **Nature of Property** | **Tax Year 2021 Assessed Valuation** | **Rank** | **Percentage of Total Assessed Valuation** | **Tax Year 2012 Assessed Valuation** | **Rank** | **Percentage of Total Assessed Valuation** |
| East RaymondWind Farm LLC | Wind Turbines | $ 18,725,000 | 1 | 15.17% | | | |
| AEP Texas Inc | Utility | 3,756,940 | 2 | 3.04% | 1,513,980 | 1 | 2.31% |
| Union Pacific RR Co | Railroad | 2,913,360 | 3 | 2.36% | 1,482,510 | 2 | 2.26% |
| South Texas District Council of the Assemblies of God | Religious | - | | 0.00% | 382,570 | 8 | 0.58% |
| Magic Valley Elec Coop | Electric Cooperative | 1,647,920 | 5 | 1.34% | 915,690 | 3 | 1.40% |
| Linetec Services LLC | Utility | 861,055 | 7 | 0.70% | | | 0.00% |
| Nationwide DG Weslaco Inc | Retail - Commercial | 805,106 | 8 | 0.65% | 408,679 | 7 | 0.62% |
| Garcia Grain Trading Corp | Agriculture | | | 0.00% | 649,931 | 4 | 0.99% |
| VOA Texas Santa Rosa Village LP | Apartments | 1,175,402 | 6 | 0.95% | 521,487 | 6 | 0.80% |
| Penske Truck Leasing Co LP | Business-Personal | 732,711 | 9 | 0.59% | | | 0.00% |
| Huttonco Development LP | Retail - Commercial | - | | 0.00% | 527,796 | 5 | 0.81% |
| Casitas Azucar LP | Apartments | 1,889,306 | 4 | 1.53% | | | 0.00% |
| OS Enterprises Inc | Business-Personal | 658,997 | 10 | 0.53% | | | 0.00% |
| Guerra Guadalupe & Amelia | Residential | - | | 0.00% | 373,058 | 9 | 0.57% |
| Salinas Roberto Garcia & Maria Teresa Hinojosa de Garcia | Agriculture | - | | 0.00% | 357,204 | 10 | 0.55% |
| Totals | | $ 33,165,797 | | 26.87% | $ 7,132,905 | | 10.89% |

Source: Cameron County Appraisal District

SCHEDULE 14

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***OUTSTANDING DEBT BY TYPE***
***LAST TEN FISCAL YEARS***

(Unaudited)

| Fiscal Year | Bonds Payable | Net Pension Liability | Net OPEB Liability | Equipment Financing Arrangement | Unamortized Bond Premium | Compensated Absences | Acreeted Interest | Deferred Issuance/Loss |
|---|---|---|---|---|---|---|---|---|
| 2013 | 12,880,000 | - | - | 1,775,617 | 526,660 | 53,835 | - | - |
| 2014 | 12,320,000 | - | - | 1,780,149 | 497,621 | 57,495 | - | - |
| 2015 | 11,735,000 | 1,669,728 | - | 1,722,967 | 468,582 | 50,670 | - | - |
| 2016 | 11,120,000 | 2,945,817 | - | 1,407,679 | 439,543 | 54,360 | - | - |
| 2017 | 9,860,000 | 4,164,921 | - | 1,159,620 | 1,218,694 | 57,772 | - | - |
| 2018 | 9,220,000 | 2,693,429 | 5,821,240 | 966,766 | 1,054,752 | 49,124 | - | - |
| 2019 | 8,550,000 | 4,417,809 | 6,217,832 | 832,813 | 903,765 | 47,032 | - | - |
| 2020 | 8,550,000 | 4,387,730 | 6,265,265 | 690,935 | 766,538 | 56,519 | - | - |
| 2021 | 7,855,000 | 4,204,272 | 4,697,962 | 540,665 | 645,440 | 48,870 | - | - |
| 2022 | 7,130,000 | 2,060,562 | 4,659,241 | 397,188 | 540,579 | 47,925 | - | - |

Source: Santa Rosa Independent School District Annual Financial and Compliance Reports

* Note: See Estimated Actual Property Value and Average Daily Membership amounts in Demographic and Economic Information Schedule in Demographic and Economic Information section of this report.

| Total Debt | * Total Debt as % of Personal Income | * Total Debt Per Capita Income | * Ratio of Total Debt to Estimated Actual Property Value | * Total Debt Per Average Daily Membership |
|---|---|---|---|---|
| 15,236,112 | 0.15% | 626.56 | 11.47% | 13,067 |
| 14,655,265 | 0.14% | 568.63 | 10.96% | 12,526 |
| 15,646,947 | 0.14% | 587.48 | 11.28% | 13,677 |
| 15,967,399 | 0.14% | 590.36 | 10.70% | 14,118 |
| 16,461,007 | 0.14% | 600.94 | 10.63% | 14,803 |
| 19,805,311 | 0.16% | 688.74 | 12.52% | 17,972 |
| 20,969,251 | 0.17% | 700.66 | 12.23% | 18,942 |
| 20,716,987 | 0.14% | 614.93 | 11.92% | 20,759 |
| 17,992,209 | 0.12% | 520.02 | 10.02% | 19,243 |
| 14,835,495 | 0.10% | 417.52 | 7.07% | 17,474 |

SCHEDULE 15

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***DIRECT AND OVERLAPPING DEBT***
***GENERAL OBLIGATION BONDS***

***As of June 30, 2022***

(Unaudited)

| Political Subdivision | Net Debt Amounts | | As of | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|---|---|---|---|---|---|
| Cameron County | $ 213,320,000 | A | 06/30/22 | 0.65% | $ 1,386,580 |
| | | | | | - |
| | | | | | $ 1,386,580 |
| Santa Rosa ISD Direct Debt | | B | 06/30/22 | 100.00% | $ 8,712,260 |
| Total Direct and Overlapping Debt | | | | | $ 10,098,840 |

A - Municipal Advisory Council of Texas
B - Long-Term Liabilities Note

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the District. This process recognizes that, when considering the District's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping governmental.

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SCHEDULE 16

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***COMPUTATION OF LEGAL DEBT MARGIN***
***LAST TEN FISCAL YEARS***

(Unaudited)

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Assessed Valuation | $ 65,499,897 | $ 66,876,675 | $ 71,372,511 | $ 73,729,426 | $ 76,851,666 |
| Debt Limit - 20% of Assessed Valuation | $ 13,099,979 | $ 13,375,335 | $ 14,274,502 | $ 14,745,885 | $ 15,370,333 |
| General Obligation Bonds | 12,880,000 | 12,320,000 | 11,735,000 | 11,120,000 | 9,860,000 |
| Deduct Amount Available in Debt Service Fund | 56,660 | 7,828 | 31,290 | 35,309 | 10,909 |
| Legal Debt Margin | $ 276,639 | $ 1,063,163 | $ 2,570,792 | $ 3,661,194 | $ 5,521,242 |
| Debt Margin as a Percentage of the Debt Limit | 2.11% | 7.95% | 18.01% | 24.83% | 35.92% |

Source: Santa Rosa Independent School District Annual Financial and Compliance Reports: Assessed Valuation (Exhibit J-1); General Obligations Bonds (Notes to Financial Statements); and Debt Service Fund, Amount Available in Debt Service (Exhibit C-1).

Note: Texas statutes do not prescribe a debt limit; however, by custom, a practical economic debt limit of 20% of the assessed valuation is used for small size districts.

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| $ | 80,595,451 | $ 87,087,405 | $ 91,086,785 | $ 96,354,479 | $ 123,420,882 |
| $ | 16,119,090 | $ 17,417,481 | $ 18,217,357 | $ 19,270,896 | $ 24,684,176 |
| | 9,220,000 | 8,550,000 | 8,550,000 | 7,855,000 | 7,130,000 |
| | 178,720 | 198,157 | 1,020,938 | 1,042,890 | 784,457 |
| $ | 7,077,811 | $ 9,065,638 | $ 10,688,295 | $ 12,458,786 | $ 18,338,633 |
| | 43.91% | 52.05% | 58.67% | 64.65% | 74.29% |

SCHEDULE 17

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***RATIO OF NET GENERAL OBLIGATION BONDED DEBT***
***TO ESTIMATED ACTUAL VALUE AND***
***PER AVERAGE DAILY MEMBERSHIP***
***LAST TEN FISCAL YEARS***

(Unaudited)

| Fiscal Year | Average Daily Membership | Estimated Actual Value | Total Bonded Debt | Debt Service Fund Balance | Net Bonded Debt | Ratio of Net Bonded Debt to Estimated Actual Value | Net Bonded Debt Per Average Daily Membership |
|---|---|---|---|---|---|---|---|
| 2013 | 1,166 | 132,850,053 | 13,406,660 | 56,660 | 13,350,000 | 10.05% | 11,449.40 |
| 2014 | 1,170 | 133,693,137 | 12,817,621 | 7,828 | 12,809,793 | 9.58% | 10,948.54 |
| 2015 | 1,144 | 138,755,741 | 12,203,582 | 31,290 | 12,172,292 | 8.77% | 10,640.12 |
| 2016 | 1,131 | 149,213,406 | 11,559,543 | 35,309 | 11,524,234 | 7.72% | 10,189.42 |
| 2017 | 1,112 | 154,790,546 | 11,078,694 | 10,909 | 11,067,785 | 7.15% | 9,953.04 |
| 2018 | 1,102 | 158,211,127 | 10,274,752 | 178,720 | 10,096,032 | 6.38% | 9,161.55 |
| 2019 | 1,107 | 171,488,068 | 9,453,765 | 198,157 | 9,255,608 | 5.40% | 8,360.98 |
| 2020 | 998 | 173,767,006 | 9,316,538 | 1,020,938 | 8,295,600 | 4.77% | 8,312.22 |
| 2021 | 935 | 179,511,450 | 8,500,440 | 1,042,890 | 7,457,550 | 4.15% | 7,975.99 |
| 2022 | 849 | 209,945,664 | 7,670,579 | 784,457 | 6,886,122 | 3.28% | 8,110.86 |

Source: Average Daily Membership provided by the District's PEIMS Office. Estimated Actual Value obtained from the Cameron County Tax Assessor-Collector.

Note (1): Average Daily Membership represents the average daily enrollment of students, district-wide, over the official number of instructional days.

Note (2): Estimated actual property value and average daily membership are used because they are more relevant to the school district than personal income and population

SCHEDULE 18

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT***
***TO TOTAL GENERAL FUND EXPENDITURES***
***LAST TEN FISCAL YEARS***

(Unaudited)

| Fiscal Year | Principal | Interest* | Total Debt Service | Total General Fund Expenditures | Ratio of Debt Service To General Fund Expenditures |
|---|---|---|---|---|---|
| 2013 | 324,133 | 984,865 | 1,308,998 | 11,555,847 | 11.33% |
| 2014 | 741,175 | 633,840 | 1,375,015 | 12,277,406 | 11.20% |
| 2015 | 829,192 | 614,390 | 1,443,582 | 12,335,125 | 11.70% |
| 2016 | 930,289 | 586,230 | 1,516,519 | 13,268,639 | 11.43% |
| 2017 | 1,038,058 | 401,353 | 1,439,411 | 12,822,538 | 11.23% |
| 2018 | 832,854 | 458,252 | 1,291,106 | 13,982,385 | 9.23% |
| 2019 | 803,954 | 421,447 | 1,225,401 | 14,204,837 | 8.63% |
| 2020 | 141,878 | 217,723 | 359,601 | 12,320,173 | 2.92% |
| 2021 | 845,270 | 366,430 | 1,211,700 | 12,366,639 | 9.80% |
| 2022 | 947,583 | 339,063 | 1,286,646 | 13,489,719 | 9.54% |

Source: The District's Budgetary Comparison Schedule (Exhibit G-1)

Note: * Excludes Other Fees

# DEMOGRAPHIC AND ECONOMIC INFORMATION

*"Warriors On the Move –*

*Education On the Rise"*

SCHEDULE 19

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***DEMOGRAPHIC INFORMATION***
***LAST TEN FISCAL YEARS***

(Unaudited)

| Calendar Year | Population * | Personal Income * | Per Capita Income* | Average Daily Attendance | Unemployment Rate ** |
|---|---|---|---|---|---|
| 2013 | 418,217 | 10,169,819,000 | 24,317 | 1,094 | 10.0% |
| 2014 | 420,392 | 10,834,952,000 | 25,773 | 1,093 | 8.7% |
| 2015 | 419,579 | 11,175,188,000 | 26,634 | 1,065 | 7.1% |
| 2016 | 421,766 | 11,407,526,000 | 27,047 | 1,057 | 7.6% |
| 2017 | 423,725 | 11,606,636,000 | 27,392 | 1,039 | 7.2% |
| 2018 | 423,908 | 12,189,811,000 | 28,756 | 1,033 | 6.1% |
| 2019 | 423,163 | 12,664,258,000 | 29,928 | 1,027 | 5.3% |
| 2020 | 424,180 | 14,290,654,000 | 33,690 | 849 | 11.2% |
| 2021*** | 424,604 | 14,690,792,312 | 34,599 | 866 | 9.7% |
| 2022*** | 425,029 | 15,102,134,497 | 35,532 | 789 | 6.9% |

Source: * Statistics for Population, Personal Income, and Per Capita Income, were taken from the Bureau of Economic Analysis based on the Metropolitan Statistical Area of Brownsville-Harlingen, TX Area (BEARFACTS)

** The unemployment rates for the Metropolitan Statistical Area of Brownsville-Harlingen, TX Area were used as reported by the Bureau of Labor Statistics

*** The information was not available by the time of printing. Therefore a 3-year average was added to the affected years.

SCHEDULE 20

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***PRINCIPAL EMPLOYERS***
***CURRENT YEAR AND NINE YEARS PRIOR***

(Unaudited)

| | 2022 * | | | 2013** | | |
|---|---|---|---|---|---|---|
| **Employer** | **Employees** | **Rank** | **Percentage of Total City Employment** | **Employees** | **Rank** | **Percentage of Total City Employment** |
| Santa Rosa ISD | 184 | 1 | 23.93% | 211 | 1 | 26.38% |
| Diamond Eight | 18 | 2 | 2.34% | 5 | 3 | 0.63% |
| Stripes/Valero Gas Station | 15 | 3 | 1.95% | | | 0.00% |
| City of Santa Rosa | 15 | 4 | 1.95% | 15 | 2 | 1.88% |
| Su Clinica | 7 | 5 | 0.91% | | | 0.00% |
| Dollar General | 6 | 6 | 0.78% | | | 0.00% |
| Cerrito Meat Market | 6 | 7 | 0.78% | | | 0.00% |
| RGV Fire Safety/Security | 5 | 8 | 0.65% | | | 0.00% |
| Fast Trip Convience Store | 4 | 9 | 0.52% | | | 0.00% |
| The Concession Stand | 4 | 10 | 0.52% | | | 0.00% |
| Total | 264 | | 34.33% | 231 | | 28.88% |

Source:
Note: *City of Santa Rosa information.
** Many of current 2022 employers did not exist in 2013

SCHEDULE 21

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***CONSTRUCTION AND PROPERTY VALUES***
***LAST TEN FISCAL YEARS***

(Unaudited)

| Fiscal Year | Single-Family Construction Permits | Average Construction Value | Estimated Actual Market Value |
|---|---|---|---|
| 2013 | 2 | 65,000 | 132,850,053 |
| 2014 | 0 | - | 133,693,137 |
| 2015 | 0 | - | 138,755,741 |
| 2016 | 0 | - | 149,213,406 |
| 2017 | 0 | - | 154,790,546 |
| 2018 | 0 | - | 158,211,127 |
| 2019 | 0 | - | 171,488,068 |
| 2020 | 0 | - | 173,767,006 |
| 2021 | 0 | - | 179,511,450 |
| 2022 | 0 | - | 209,945,664 |

Source: City-data.com

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# OPERATING INFORMATION

*"Warriors On the Move –*

*Education On the Rise"*

SCHEDULE 22

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***'ORK FORCE COMPOSITION BY EMPLOYEE CLASSIFICATIO***
***LAST TEN FISCAL YEARS***

(Unaudited)

| Classification | Fiscal Year 2013 | 2014 | Fiscal Year 2015 | 2016 | Fiscal Year 2017 | 2018 | Fiscal Year 2019 | 2020 | Fiscal Year 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Number of Employees** | | | | | | | | | | |
| Teachers | 86.50 | 85.80 | 86.30 | 86.54 | 83.00 | 86.01 | 86.72 | 83.65 | 77.02 | 76.12 |
| Professional Support | 23.80 | 21.60 | 17.40 | 17.60 | 21.59 | 19.97 | 25.53 | 24.45 | 22.63 | 24.22 |
| Campus Administration | 3.00 | 3.00 | 2.80 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 4 |
| Central Administration | 2.10 | 3.10 | 3.90 | 2.40 | 2.76 | 2.76 | 2.00 | 1.00 | 1.00 | 0.9 |
| Educational Aides | 26.70 | 19.90 | 20.80 | 17.92 | 18.79 | 19.95 | 20.53 | 22.62 | 24.00 | 21.6 |
| Auxiliary Staff | 69.30 | 63.00 | 65.90 | 70.97 | 70.41 | 70.51 | 75.69 | 71.01 | 59.44 | 56.14 |
| Total Employees | 211.40 | 196.40 | 197.10 | 198.43 | 199.55 | 202.20 | 213.47 | 205.73 | 187.09 | 182.98 |
| **Percent of Total** | | | | | | | | | | |
| Teachers | 40.92% | 43.69% | 43.78% | 43.61% | 41.59% | 42.54% | 40.62% | 40.66% | 41.17% | 41.60% |
| Professional Support | 11.26% | 11.00% | 8.83% | 8.87% | 10.82% | 9.88% | 11.96% | 11.88% | 12.10% | 13.24% |
| Campus Administration | 1.42% | 1.53% | 1.42% | 1.51% | 1.50% | 1.48% | 1.41% | 1.46% | 1.60% | 2.19% |
| Central Administration | 0.99% | 1.58% | 1.98% | 1.21% | 1.38% | 1.36% | 0.94% | 0.49% | 0.53% | 0.49% |
| Educational Aides | 12.63% | 10.13% | 10.55% | 9.03% | 9.42% | 9.87% | 9.62% | 10.99% | 12.83% | 11.80% |
| Auxiliary Staff | 32.78% | 32.08% | 33.43% | 35.77% | 35.28% | 34.87% | 35.46% | 34.52% | 31.77% | 30.68% |
| | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Source: Texas Education Agency PEIMS Standard Reports

SCHEDULE 23

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***SCHEDULE OF TEACHER INFORMATION***
***LAST TEN FISCAL YEARS***

(Unaudited)

| Fiscal Year | Average Minimum | Average Maximum | Average Teacher Salary | Statewide Average Teacher Salary | Average Years of Experience | Bachelor's Education | Master's Education |
|---|---|---|---|---|---|---|---|
| 2013 | 37,805 | 53,978 | 45,147 | 48,821 | 11.3 | 96.8% | 3.2% |
| 2014 | 40,183 | 54,609 | 45,456 | 49,692 | 11.3 | 96.5% | 3.5% |
| 2015 | 40,652 | 54,860 | 45,662 | 50,715 | 11.3 | 96.5% | 3.5% |
| 2016 | 41,000 | 55,675 | 45,974 | 51,891 | 10.7 | 94.2% | 5.8% |
| 2017 | 43,200 | 57,201 | 47,736 | 52,525 | 11.6 | 96.4% | 3.6% |
| 2018 | 41,992 | 58,200 | 47,826 | 53,334 | 10.7 | 96.5% | 3.5% |
| 2019 | 42,836 | 58,804 | 48,618 | 54,122 | 11.0 | 96.5% | 3.5% |
| 2020 | 45,962 | 61,596 | 51,318 | 57,091 | 11.1 | 90.5% | 9.5% |
| 2021 | 48,198 | 61,743 | 51,239 | 57,641 | 12.0 | 90.9% | 9.1% |
| 2022* | 47,446 | 63,110 | 51,960 | 58,887 | 10.3 | 89.7% | 8.9% |

Source: Texas Academic Performance Reports (TAPR) FY 2013-2022 &
Academic Excellence Indicator System (AEIS) FY 2010-2012

*TAPR was not available at time of prininting. PEIMS data was reported.

SCHEDULE 24

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***SCHEDULE OF ATTENDANCE AND MEMBERSHIP***
***LAST TEN FISCAL YEARS***

(Unaudited)

| Fiscal Year | Average Daily Attendance * | Average Daily Membership | Percent of Attendance |
|---|---|---|---|
| 2013 | 1,094 | 1,166 | 93.83% |
| 2014 | 1,093 | 1,170 | 93.42% |
| 2015 | 1,065 | 1,144 | 93.09% |
| 2016 | 1,057 | 1,131 | 93.46% |
| 2017 | 1,039 | 1,112 | 93.41% |
| 2018 | 1,033 | 1,102 | 93.74% |
| 2019 | 1,027 | 1,107 | 92.77% |
| 2020 | 849 | 998 | 85.09% |
| 2021 | 866 | 935 | 92.57% |
| 2022 | 789 | 849 | 92.89% |

Source: Texas Academic Performance Reports (TAPR) FY 2013-2022 &
Academic Excellence Indicator System (AEIS) FY 2010-2012

* Average Daily Attendance - the average daily attendance of eligible enrollees, district-wide, over the official number of instructional days.

SCHEDULE 25

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***OPERATING STATISTICS***
***LAST TEN FISCAL YEARS***

(Unaudited)

| Fiscal Year | Average Daily Attendance | Governmental Operating Expenditures | Cost per Pupil | Percent Change | Government Wide Operating Expenses | Cost per Pupil | Percent Change |
|---|---|---|---|---|---|---|---|
| 2013 | 1,094 | 14,172,641 | 12,955 | 12.93% | 14,473,909 | 13,230 | 12.03% |
| 2014 | 1,093 | 13,614,146 | 12,456 | -3.85% | 14,047,258 | 12,852 | -2.86% |
| 2015 | 1,065 | 13,069,799 | 12,272 | -1.47% | 13,816,432 | 12,973 | 0.94% |
| 2016 | 1,057 | 13,610,419 | 12,876 | 3.38% | 15,097,015 | 14,283 | 10.10% |
| 2017 | 1,039 | 13,924,128 | 13,405 | 9.23% | 15,072,893 | 14,511 | 1.59% |
| 2018 | 1,033 | 15,284,557 | 14,796 | 10.38% | 11,676,561 | 11,304 | -22.10% |
| 2019 | 1,027 | 16,191,861 | 15,766 | 6.55% | 17,838,255 | 17,369 | 53.66% |
| 2020 | 849 | 13,698,342 | 16,131 | 2.32% | 15,638,739 | 18,417 | 6.03% |
| 2021 | 866 | 15,203,378 | 17,565 | 8.89% | 16,198,844 | 18,715 | 1.62% |
| 2022 | 789 | 18,685,416 | 23,693 | 34.89% | 17,109,502 | 21,695 | 15.92% |

Source: CAFR

Note: Operating expenditures and expenses exclude any debt service or capital transactions as reflected in functions 71 through 81.

SCHEDULE 26

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***SCHEDULE OF STUDENT INFORMATION***
***LAST TEN FISCAL YEARS***

(Unaudited)

| Fiscal Year | Student/ Teacher Ratio | No. of Economically Disadvantaged Students | Percentage of Economically Disadvantaged Students |
|---|---|---|---|
| 2013 | 13.5 | 1,115 | 95.6% |
| 2014 | 13.6 | 1,125 | 96.2% |
| 2015 | 13.3 | 1,025 | 89.6% |
| 2016 | 13.1 | 974 | 86.1% |
| 2017 | 13.4 | 964 | 86.9% |
| 2018 | 12.8 | 970 | 87.9% |
| 2019 | 12.8 | 974 | 88.4% |
| 2020 | 11.9 | 875 | 87.9% |
| 2021 | 12.1 | 829 | 88.7% |
| 2022* | 11.2 | 757 | 89.1% |

Source: Texas Academic Performance Reports (TAPR) FY 2013-2022 &
Academic Excellence Indicator System (AEIS) FY 2010-2012

*TAPR was not available at time of prininting. PEIMS data was reported.

SCHEDULE 27

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
***SCHEDULE OF SCHOOL BUILDINGS***
***FOR THE CURRENT FISCAL YEAR***

(Unaudited)

| | Estimated Square Footage | Recommended Capacity | Enrollment |
|---|---|---|---|
| **HIGH SCHOOLS** | | | |
| SANTA ROSA HIGH SCHOOL (2006) | 122,377 | 750 | 283 |
| **MIDDLE SCHOOLS** | | | |
| JO NELSON MIDDLE SCHOOL (2003) | 33,649 | 360 | 202 |
| **ELEMENTARY SCHOOLS** | | | |
| ELMA E. BARRERA ELEMENTARY SCHOOL (1999) | 102,852 | 800 | 364 |
| GRAND TOTAL | 258,878 | 1,910 | 849 |

District's buildings, which are the material capital assets.

# FEDERAL AWARDS SECTION

*"Warriors On the Move –*

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

To the Board of Trustees
Santa Rosa 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 the Santa Rosa Independent School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Santa Rosa Independent School District's basic financial statements, and have issued our report thereon dated November 21, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

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certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item Finding 2022-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

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

**Santa Rosa Independent School District's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on the response.

**Purpose of this Report**

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

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
November 21, 2022

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

To the Board of Trustees
Santa Rosa Independent School District

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

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

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

### *Basis for Opinion on Each Major Federal Program*

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

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

### *Responsibilities of Management for Compliance*

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

### *Auditors' Responsibilities for the Audit of Compliance*

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

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

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

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

### Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not

identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
November 21, 2022

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*
*FOR THE YEAR ENDED JUNE 30, 2022*

## Section I - Summary of Auditors' Results

***Financial Statements***

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? _____ yes __X__ no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? __X__ yes _____ none reported

Noncompliance material to financial statements noted? _____ yes __X__ no

***Federal Awards***

Internal control over major programs:

- Material weakness (es) identified? _____ yes __X__ no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes __X__ none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ yes __X__ no

Type of auditors' report issued on compliance for major programs: Unmodified

Identification of major programs:

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|---|---|
| 84.425 | Education Stabilization Fund – ESSER |
| 84.287 | 21st Century Community Learning Centers |

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? __X__ yes ____ no

## Section II – Financial Statement Findings

### Finding 2022-001 – Significant Deficiency in Internal Controls over Financial Reporting – State Funding Revenue

| | |
|---|---|
| Criteria: | District accounting practices should incorporate internal controls to properly reconcile state aid revenues with the TEA Summary of Finance for all funding allotments, so as to assure that all such amounts are properly accounted for. |
| Condition: | The District did not adjust the IFA allotment revenue recorded in the Debt Service Fund to the correct amount based on the updated allotment issued in the Summary of Finance for the 2021-2022 school year. As a result, an audit adjustment was required to properly state the revenue in the Debt Service Fund. |
| Cause: | The District has a process in place to review the information and make the appropriate adjustments, and had made such adjustments in other funds and for other funding allotments as noted in the Summary of Finance. However, the District did not apply these procedures to the IFA allotment as recorded in the Debt Service Fund and recorded revenue in the Debt Service Fund based on cash received. |
| Effect: | Prior to the audit adjustment, the District's revenue in the debt service fund was overstated, and the amount that TEA had overpaid the District was not recorded as a liability. |
| Recommendation: | The District should implement annual closing procedures to assure all revenue for all Funds are reconciled with the most up to date Summary of Finance. |
| Views of Responsible Officials: | Management concurs with auditors' finding and recommendation. See corrective action plan. |

## Section III – Federal Award Findings and Questioned Cost

None noted that were required to be reported.

Santa Rosa Independent School District
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Telephone (956) 636-9800 * Fax (956) 636-1439
"Once a Warrior, Always a Warrior"

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED*
*CORRECTIVE ACTION PLAN*
*FOR THE YEAR ENDED JUNE 30, 2022*

| **Program Description** | **Corrective Action Plan** |
|---|---|
| **Finding Reference No:** 2022-001 | Internal Control Over Compliance with State Funding Revenue |
| **Corrective Action Plan:** | The District will continuously review the Summary of Finance report through the fiscal year and make any year-end adjustments to reflect the proper allotment as recorded. |

**Contact Person:** Mrs. Marisa Cuevas, Chief Financial Officer

**Implementation Time Frame:** Ongoing

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED*
*STATUS OF PRIOR AUDIT FINDINGS*
*FOR THE YEAR ENDED JUNE 30, 2022*

**Financial Statement Findings:**

None noted.

**Federal Award Findings:**

Finding Reference No: 2021-001 Significant Deficiency in Internal Control over Compliance with Special Reporting Requirements.

The District hired a Federal Programs Coordinator to assist in the oversight of federal programs including the ESF – ESSER program. She is responsible of reviewing and signing off federal program reports after they have been prepared by the CFO.

Current Status: Resolved as of June 30, 2022

**EXHIBIT K-1**

# SANTA ROSA INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

*FOR THE YEAR ENDED JUNE 30, 2022*

| Federal Agency<br>Pass-Through Grantor<br>Program Title | Federal AL Number | Contract/Grant Number | Expenditures($) | Payments to Subrecipients |
|---|---|---|---|---|
| **United States Department of Agriculture** | | | | |
| Passed through Texas Department of Agriculture | | | | |
| Child Nutrition Cluster | | | | |
| *School Breakfast Program | 10.553 | 100076546 | $ 270,906 | $ - |
| Total Assistance Listing Number 10.553 | | | 270,906 | |
| *National School Lunch Program | 10.555 | 806780706 | 548,543 | - |
| *National School Lunch Program- Non-Cash Assistance | 10.555 | 806780706 | 53,993 | - |
| *National School Lunch Program-Supply Chain Assistance | 10.555 | 6TX300400 | 24,613 | - |
| Total Assistance Listing Number 10.555 | | | 627,149 | - |
| Total Child Nutrition Cluster | | | 898,055 | - |
| COVID-19 Child and Adult Care Food Program | 10.558 | 100076546 | 19,985 | - |
| Child and Adult Care Food Program | 10.558 | 100076546 | 88,149 | - |
| Total Assistance Listing Number 10.558 | | | 108,134 | - |
| Pandemic EBT Administrative Costs | 10.649 | 100076546 | 3,063 | - |
| Total Assistance Listing Number 10.649 | | | 3,063 | |
| **Total United States Department of Agriculture** | | | 1,009,252 | - |
| **United States Department of Education** | | | | |
| Passed through Texas Edcuation Agency | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 20610101031914 | 901 | - |
| Title I Grants to Local Educational Agencies | 84.010 | 21610101031914 | 250,764 | - |
| Title I Grants to Local Educational Agencies | 84.010 | 22610101031914 | 481,421 | - |
| Total Assistance Listing Number 84.010 | | | 733,086 | - |
| Migrant Education State Grant Program | 84.011 | 20615001031914 | 12,540 | - |
| Twenty-First Century Community Learning Centers | 84.287 | 216950267110043 | 103,315 | 65,199 |
| Twenty-First Century Community Learning Centers | 84.287 | 226950267110043 | 1,295,095 | 559,465 |
| Total Assistance Listing Number 84.287 | | | 1,398,410 | 624,664 |
| English Language Acquisition State Grants | 84.365 | 20671001031914 | 6,840 | - |
| Supporting Effective Instruction State Grants | 84.367 | 20694501031914 | 6,285 | - |
| Supporting Effective Instruction State Grants | 84.367 | 21694501031914 | 35,193 | - |
| Supporting Effective Instruction State Grants | 84.367 | 22694501031914 | 53,285 | - |
| Total Assistance Listing Number 84.367 | | | 94,763 | |
| COVID-19 Education and Stabilization Fund (ESSER III) | 84.425D | 20521001031914 | 81,693 | - |
| COVID-19 Education and Stabilization Fund (ESSER I) | 84.425D | 21521001031914 | 1,149,365 | - |
| COVID-19 Education and Stabilization Fund | 84.425U | 21528001031914 | 1,701,724 | - |
| Total Assistance Listing Number 84.425 | | | 2,932,782 | - |
| Student Support and Academic Enrichment Program | 84.424 | 21680101031914 | 12,831 | - |
| Student Support and Academic Enrichment Program | 84.424 | 22680101031914 | 42,145 | - |
| Total Assistance Listing Number 84.424 | | | 54,976 | - |
| Career and Technical Education -- Basic Grants to States | 84.048 | 21420006031914 | 1,497 | - |
| Career and Technical Education -- Basic Grants to States | 84.048 | 22420006031914 | 15,684 | - |
| Total Passed Through Texas Education Agency | | | 5,250,578 | 624,664 |
| Passed through La Feria ISD | | | | |
| Career and Technical Education -- Basic Grants to States | 84.048 | 214200287110011 | 28,184 | - |
| Career and Technical Education -- Basic Grants to States | 84.048 | 224200287110011 | 28,005 | - |
| Total Passed through La Feria ISD | | | 56,189 | - |
| Total Assistance Listing Number 84.048 | | | 73,370 | - |
| Passed through Region One ESC | | | | |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334 | P334A180024 | 76,851 | - |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334 | P334A180024 | 9,784 | - |
| Total Assistance Listing Number 84.334 | | | 86,635 | - |
| Total Passed through Region One ESC | | | 86,635 | - |

# SANTA ROSA INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

*FOR THE YEAR ENDED JUNE 30, 2022*

| | | | | |
|---|---|---|---|---|
| Department of Health and Human Services | | | | |
| Passed through Texas Education Agency | | | | |
| COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases | 93.323 | 02735714 | 30,953 | - |
| Total Passed through Texas Education Agency | | | 30,953 | - |
| | | | | |
| Passed through Texas Department of State Health Services | | | | |
| COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases - Non-Cash Assistance | 93.323 | 6NU50CK000501-02-06 | 14,555 | - |
| | | | | |
| Total Passed through Texas Department of State Health Services | | | 14,555 | - |
| | | | | |
| Total Assistance Listing Number 93.323 | | | 45,508 | - |
| | | | | |
| **Total United States Department of Educcation** | | | 5,438,910 | 624,664 |
| | | | | |
| **Total Expenditures of Federal Awards** | | | $ 6,448,162 | $ 624,664 |

*Clustered programs

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*
*FOR THE YEAR ENDED JUNE 30, 2022*

## Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal spending of the Santa Rosa Independent School District (the "District") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not represent the financial position of the District.

## NOTE 2 – INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended June 30, 2022, the District did not elect to use this rate.

## NOTE 3 – PROGRAM REPORTING

SHARS and $246,172 of indirect costs are accounted for in the general fund. The Child Nutrition Cluster Program and Child and Adult Care Food Program are accounted for in the General Fund. Expenditures are not specifically attributable to these revenues and are shown on this schedule in an amount equal to revenue for balancing purposes only.

**Reconciliation**

| | |
|---|---|
| Amount of federal revenues Exhibit C-3 | $ 6,715,816 |
| Less amounts not considered to be federal awards, excluded on the Schedule of Expenditures of Federal Awards: | |
| School Health and Related Service Program (SHARS) | (225,866) |
| ERATE | (41,788) |
| Total expenditures of federal awards, per the Schedule of Expenditures of Federal Awards (Exhibit K-1) | $ 6,448,162 |

## NOTE 4: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES

The District did not have any federal loans or loan guarantees outstanding during the year ended June 30, 2022.

**SANTA ROSA INDEPENDENT SCHOOL DISTRICT**
*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*
*FOR THE YEAR ENDED JUNE 30, 2022*

## NOTE 5: NONCASH ASSISTANCE AND OTHER

The District did not receive any federally funded insurance during the year ended June 30, 2022.

**Noncash awards:**

For the year ended June 30, 2022, the District received $53,993 as non-cash assistance under the National School Lunch Program (Assistance Listing Number 10.555). The District also received $14,555 as non-cash assistance under the K-12 COVID-19 Testing Program supported by the CDC of the United States Department of Health and Human Services (HHS).

## NOTE 6: CONTINGENCIES

Grant monies received and disbursed by the District are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the District does not believe that such disallowance, if any, would have a material effect on the financial position of the District.

## NOTE 7: FEDERAL PASS-THROUGH FUNDS

The District is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.

SCHOOLS FIRST QUESTIONNAIRE

Santa Rosa Independent School District

Fiscal Year 2022

| | | |
|---|---|---|
| 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? | No |
| SF3 | Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.) | Yes |
| SF4 | Was the school district issued a warrant hold? (Yes even if cleared within 30 days.) | 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 school district post the required financial information on its website in accordance with Government Code, Local Govenment Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end? | Yes |
| SF8 | Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget? | Yes |
| SF9 | Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end. | 0 |

To the Board of Trustees of
Santa Rosa Independent School District

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Santa Rosa Independent School District (the "District") as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we considered to be material weaknesses.

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. We consider the following deficiencies in internal control to be significant deficiencies: 2022-001 identified on the following page.

This communication is intended solely for the information and use of the Board of Trustees and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
November 21, 2022

The following legend should be used in conjunction with reviewing the "Rating" of each of the identified internal control items:

| IP = Improvement Point | D = Control Deficiency | SD = Significant Deficiency | MW = Material Weakness |
|---|---|---|---|

| CONTROL NUMBER | RATING | AREA | ITEM NOTED | SUGGESTION | MANAGEMENT ACTION |
|---|---|---|---|---|---|
| 2022-001 | SD | State Funding Revenue | The District did not adjust the IFA allotment revenue recorded in the Debt Service Fund and foundation allotment in the general fund. | The District accounting practices should incorporate internal controls to properly reconcile state aid revenue with the TEA Summary of Finance for all funding allotments, so as to ensure they are properly accounted for. | We have reviewed the results of the finding noted and concur with the assessment of the issues identified. |
| 2022-002 | IP | Segregation of Duties – Journal Entries, Bank Reconciliations | The District has implemented procedures for preparation and review of journal entries and bank reconciliations. However, certain instances were noted where the individual preparing the entry or reconciliation was also the reviewer/approver. | The District should implement clear documentation to indicate the preparer and reviewer/approver for all journal entries, bank reconciliations, or other reconciliations performed. The preparer should be different than the reviewer/approver. | We have already implemented the suggestion and delegated this responsibility to the office clerk. |
| 2022-003 | IP | Federal Revenues and SEFA | The District did not record non-cash federal awards ($14,555) for the K-12 COVID-19 Testing Project under the Epidemiology and Laboratory Capacity for Infectious Diseases program. As a result, the SEFA and the financial statements were misstated. | The District should ensure that all grants awarded to the District, including non-cash assistance, are communicated to the Finance Department to ensure that the appropriate amounts are recorded. | We have reviewed the results of the finding noted and concur with the assessment of the issues identified. |