

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
FOR THE YEAR ENDED JUNE 30, 2021

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF BOARD

San Elizario Independent School District
Name of School District

El Paso County
County

071-904
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended June 30, 2021, at a meeting of the board of trustees of such school district on the 10th day of November 2021.

Signature of Board Secretary

Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is(are):

(attach list as necessary)

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FINANCIAL SECTION

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Independent Auditor's Report

To the Board of Trustees
San Elizario Independent School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, pension and other postemployment benefits information on pages 9 through 22 and 83 through 93 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Elizario Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements and the required TEA schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The required TEA schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Gibson Ruddock Patterson LLC

Gibson Ruddock Patterson LLC
El Paso, Texas
November 3, 2021

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MANAGEMENT'S DISCUSSION & ANALYSIS

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It is the mission of the San Elizario Independent School District to graduate students with skills to meet the demands of a changing world by promoting student success as non-negotiable, channeling resources to match learning needs of students, employ and retain a quality staff so that San Elizario is a proud, innovative and academically superior district.



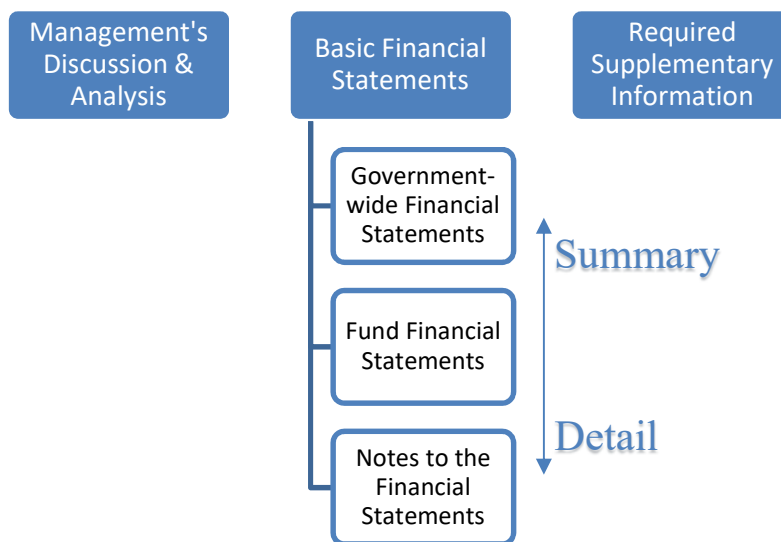
Legal Requirements for Audit

Section 44.008 of the Texas Education Code requires that all school districts file an annual report with the Texas Education Agency within 150 days of the close of each fiscal year. The annual report must be prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental entities and must be audited by a firm of independent licensed certified public accounts.

The financial statements of the District for the fiscal year ended June 30, 2021 are enclosed and have been audited by Gibson, Ruddock, Patterson LLC.

THE ANNUAL FINANCIAL REPORT

The annual financial report consists of three components: *Management's Discussion & Analysis*, *Basic Financial Statements*, and *Required Supplementary Information*.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of San Elizario Independent School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the independent auditor's report and the District's Basic Financial Statements.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2021 with a total ending net position of \$4.1 million. (Exhibit A-1)
- The total fund balance for all the governmental funds at the close of the fiscal year was \$15.1 million, which was an increase from \$13.4 million in the prior year. Of that \$15.1 million, \$13.2 million is accounted for in the general fund. (Exhibit C-1)
- Revenues exceeded expenditures in the general fund by approximately \$2.6 million (Exhibit C-3).
- The child nutrition program used two different programs to operate its meal service during the school year. Expenditures exceeded revenues in fund 101 by \$1.2 million while revenues exceeded expenditures in fund 242 by \$1.1 million; therefore, the cumulative effect for the child nutrition program when combining child nutrition program operations in both the general fund and the corresponding federal fund was a net decrease of approximately \$100 thousand in fund balance. A transfer of \$1.3 million was made during the year from fund 242 to fund 101 to ensure that both funds had a positive fund balance amount by the end of the fiscal year. (Exhibit J-2, Exhibit H-2).
- The total net position for the proprietary funds was \$1.3 million at the close of the fiscal year with \$231 thousand being accounted for in the health insurance fund and \$1.1 million being accounted for in the worker's compensation fund. (Exhibit D-2 & Exhibit H-4)
- General fund expenditures did not exceed budgeted appropriations, as amended, at the function level. In addition, actual revenues of \$37.3 million represent approximately 94.31% of the amended revenues of \$39.6 million, while actual expenditures of \$34.6 million represent approximately 88.74% of the amended expenditures of \$39 million. (Exhibit G-1)
- Regarding critical indicators for the FIRST rating, the auditor issued an unmodified opinion for the annual financial report and no material weaknesses were reported in internal controls over financial reporting and compliance for local, state and federal funds. (Independent Auditor's Report; Independent Auditor's Report on Internal Control; Independent Auditor's Report on Compliance)
- There were no current year financial statement findings and no current findings or questioned costs for federal awards. (Schedule of Findings and Questioned Costs)
- The District's 2020-21 FIRST rating based on fiscal year 2019-20 data was an 'A = Superior' with a score of 94 out of 100.

Overview of the Basic Financial Statements

The basic financial statements consist of (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

- (1) The government-wide financial statements report information about the District's overall financial condition and include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District taken as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. Together, they reflect the flow of total economic resources in a manner similar to the financial reports of a private enterprise.
 - a. The Statement of Net Position presents the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether the District's financial position is improving or deteriorating. To fully assess the overall health of the District, however, other nonfinancial factors such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities should also be considered.
 - b. The Statement of Activities details the change in net position of the District for the most recent fiscal year. In this statement, changes in net position are reflected as soon as the event occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal period (e.g., uncollected taxes and earned but unused vacation leave).
- (2) Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant *funds* – not the District as a whole. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.
 - a. *Governmental funds*—Most of the District's basic services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. They reflect the flow of current financial resources and supply the basis for tax levies and budget appropriation. Government fund financial statements include those found on Exhibits C-1 and C-3.
 - b. *Proprietary funds*—The District reports the activities if it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. Internal service funds are used to accumulate and allocate costs for certain activities. The internal service funds are used to account for the activities of its self-funded insurance programs for health insurance and for worker's compensation insurance. Proprietary fund financial statements include those found on Exhibits D-1, D-2 and D-3.

- c. *Fiduciary funds* – The District is the trustee, or fiduciary, for certain funds and is responsible for ensuring that assets reported in these funds are used for the intended purpose. The fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The activities of the student groups of the District's schools are reported here. Fiduciary fund financial statements include those found on Exhibits E-1 and E-2.
- (3) The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements and the fund financial statements which include the following sections:
- I. Summary of Significant Accounting Policies
 - II. Reconciliation of Government-wide and Fund Financial Statements
 - III. Detailed Notes on All Funds and Account Groups

Overview of Required Supplementary Information

A comparison between budget and actual amounts is included for the District's legally adopted general fund budget is located under Exhibit G-1.

Information regarding the Teacher Retirement System of Texas is included under Exhibits G-2, G-3, G-4, G-5 and accompanying notes.

The combining statements for non-major funds contain even more information about the District's *individual* funds and are located under Exhibits H-1, H-2, H-3, H-4 and H-5.

The section labeled *Other Information – Required TEA Schedules*, includes:

- The Schedule of Delinquent Taxes Receivable (Exhibit J-1)
- Budget and Actual for the Child Nutrition Program (Exhibit J-2)
- Budget and Actual for the Debt Service Fund (Exhibit J-3)

The section labeled *Federal Awards Section* contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants and includes:

- Independent Auditor's 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*
- Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs
- Schedule of Status of Prior Findings
- Schedule of Expenditures of Federal Awards and accompanying notes

Government-wide Financial Statement Analysis

GASB Statement #34 requires that the District present an analysis of comparative balances and changes therein as required by generally accepted accounting principles and discuss significant changes in the accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Total revenues exceeded total expenses on the Statement of Activities by \$1,097,276 which when added to the prior period adjustment of \$10,845 increased the total net position from \$3,043,377 to an ending total net position of \$4,151,498 as shown on the Statement of Net Position and Statement of Activities (Exhibit A-1 & Exhibit B-1).

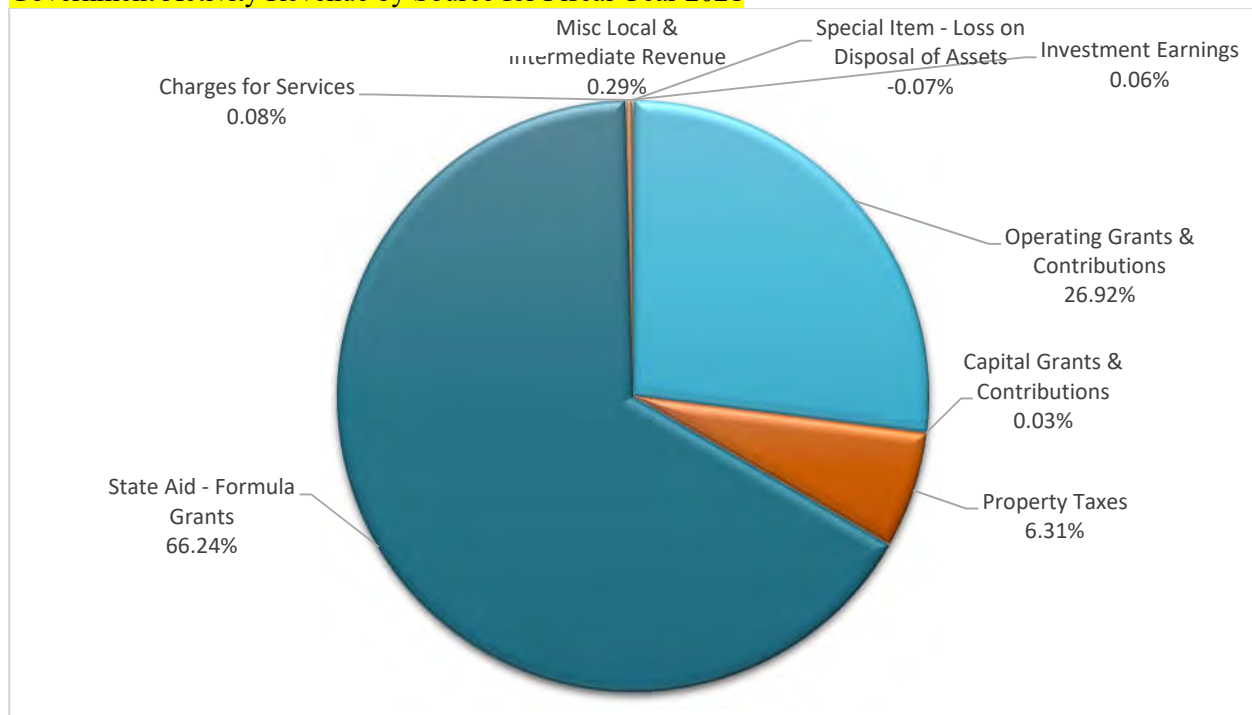
The following tables show the District's net position and changes in net position:

Table A-1 The District's Net Position (<i>in thousands</i>)	Governmental Activities	
	2021	2020
Assets		
Cash and Cash Equivalents	16,318	16,514
Property Taxes – Delinquent	616	702
Allowance for Uncollectible Taxes	(57)	(64)
Due from Other Governments	4,565	4,230
Accrued Interest	1	1
Due from Fiduciary Funds	9	0
Inventories	213	158
Prepayments	85	47
Capital Assets:		
Land and Land Improvements, Net	4,586	4,691
Buildings, Net	40,605	43,044
Furniture and Equipment, Net	1,364	1,679
Other Capital Assets, Net	1,547	1,878
Library Books and Media, Net	28	28
Construction in Progress	122	0
<i>Total Assets</i>	<u>70,003</u>	<u>72,908</u>
Deferred Outflows of Resources		
Deferred Outflow Related to TRS OPEB	1,950	2,254
Deferred Outflow Related to TRS Pension	4,038	4,941
<i>Total Deferred Outflows of Resources</i>	<u>5,988</u>	<u>7,195</u>
Liabilities		
Accounts Payable	98	140
Payroll Deductions and Withholdings	271	288
Accrued Wages Payable	1,664	3,151
Due to Fiduciary Funds	0	7
Due to Other Governments	1,710	3,248
Accrued Expenses	920	923
Unearned Revenue	100	55
Noncurrent liabilities:		
Due Within One Year	2,396	3,085
Due in More Than One Year	27,443	27,922
Net Pension Liability (District's Share)	12,752	12,386
Net OPEB Liability (District's Share)	12,151	15,480
<i>Total Liabilities</i>	<u>59,505</u>	<u>66,684</u>
Deferred Inflows of Resources		
Deferred Inflow Related to TRS OPEB	2,081	2,622
Deferred Inflow Related to TRS Pension	10,253	7,754
<i>Total Deferred Inflows of Resources</i>	<u>12,334</u>	<u>10,376</u>
Net Position		
Net Investment in Capital Assets	21,320	24,286
Restricted for Federal and State Programs	574	674
Restricted for Debt Service	113	321
Restricted for Campus Activities	126	133
Restricted for Scholarships	4	0
Unrestricted	(18,986)	(22,371)
<i>Total Net Position</i>	<u>4,151</u>	<u>3,043</u>

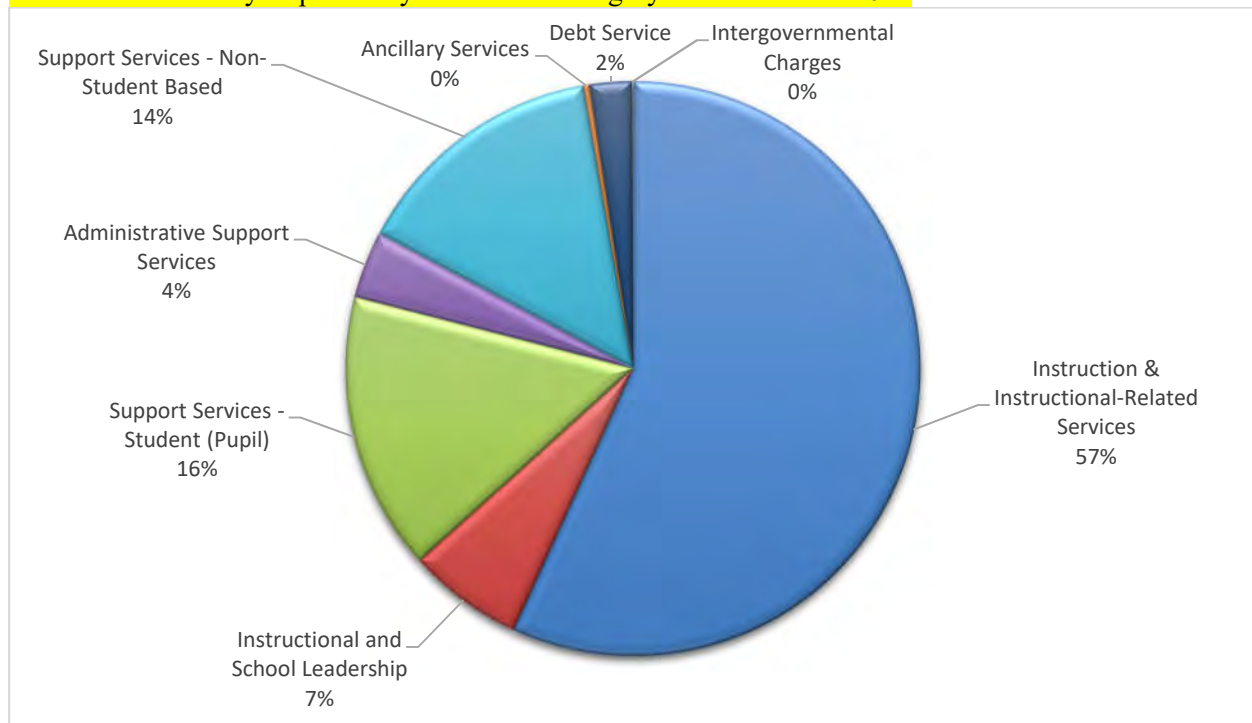
Table B-1 Changes in Net Position (<i>in thousands</i>)	Governmental Activities	
	2021	2020
Revenues		
Program Revenues:		
Charges for Services	35	275
Operating Grants & Contributions	12,363	12,370
Capital Grants & Contributions	15	337
General Revenues:		
Property Taxes	2,899	2,722
State Aid – Formula Grants	30,428	29,521
Investment Earnings	29	218
Misc. Local & Intermediate Revenue	132	116
Special Item – Gain on Disposal of Assets	(32)	(34)
<i>Total Revenues</i>	<u>45,869</u>	<u>45,526</u>
Expenses		
Instruction & Instructional-Related Services	25,438	28,532
Instructional & School Leadership	2,919	3,579
Support Services – Student (Pupil)	7,022	8,724
Administrative Support Services	1,686	1,824
Support Services – Non-Student Based	6,468	6,606
Ancillary Services	150	144
Debt Service	1,057	1,118
Intergovernmental Charges	32	31
<i>Total Expenses</i>	<u>44,772</u>	<u>50,558</u>
Increase (decrease) in net position	1,097	(5,032)
Net position, beginning of year	3,043	8,065
Prior period adjustment	11	11
Net position, end of year	<u>4,151</u>	<u>3,043</u>

The following graphs show government activity revenue by source and expenses by functional category:

Government Activity Revenue by Source for Fiscal Year 2021



Government Activity Expenses by Functional Category for Fiscal Year 2021



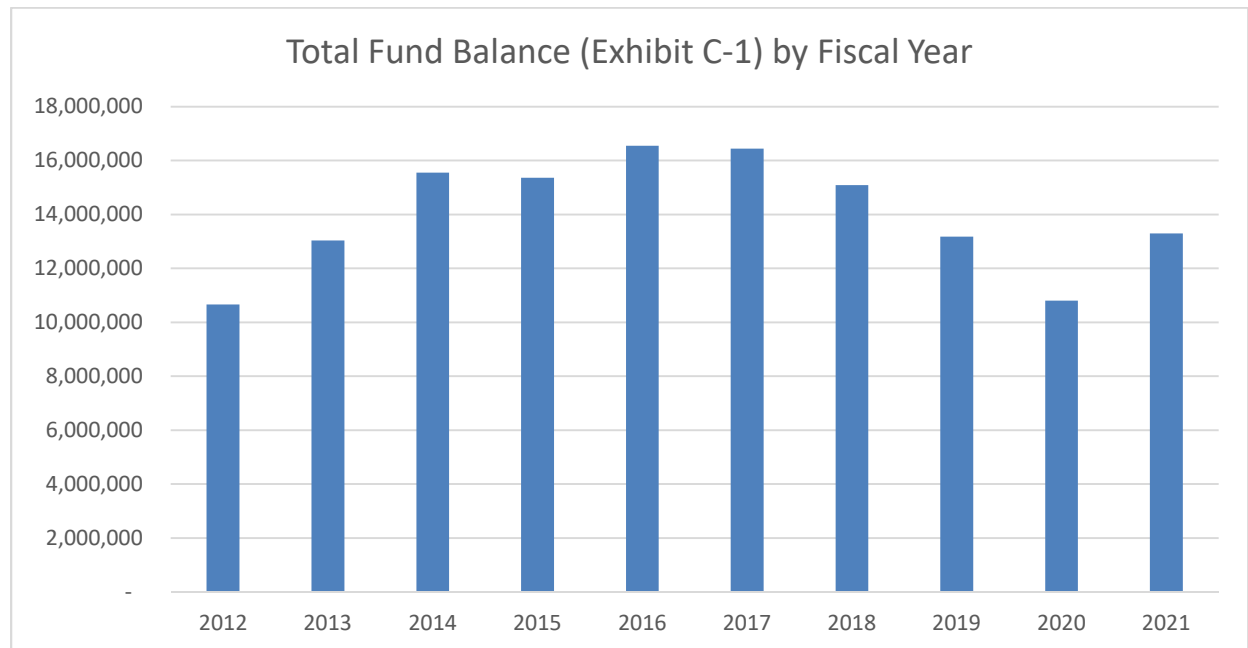
Fund Financial Statement Analysis

Governmental Funds

The General Fund

The District's total fund balance for the General Fund (Exhibit C-1) is \$13,295,680 for the year ended 2021 and \$10,805,201 for the year ended 2020, representing an increase of \$2,490,479 due to the following as noted on Exhibit C-3:

- Revenues exceeded expenditures by \$2,686,157
- Sale of real and personal property worth \$4,322
- Transfer out of \$1,500,000 to the health fund to clear the deficit net position
- Transfer in of \$1,300,000 from the food service special revenue fund to the food service fund accounted for in the general fund.



The District's Child Nutrition Program operates one program that is reported in the general fund and another program that is reported as a special revenue fund. Expenditures exceeded revenues in fund 101 by \$1,218,075 (Exhibit J-2), while revenues exceeded expenditures in fund 242 by \$1,117,892 (Exhibit H-2) and a \$1,300,000 transfer was made between both funds during the year. The program ended with a combined fund balance of \$573,592 for 2021 compared to a combined fund balance of \$673,775 in 2020.

The District does not have a formal fund balance policy designating a fund balance target, but management's goal is to follow TEA's three-month guideline as a basis. For the 2021-22 fiscal year, the District adopted a \$39,294,255 general fund budget that included \$4,000,000 worth of food service expenditures (function 35). The true general fund budget excluding these food service expenditures is \$35,294,255. The calculation for the recommended fund balance estimate of a three-month average of operating expenditures is calculated as follows:

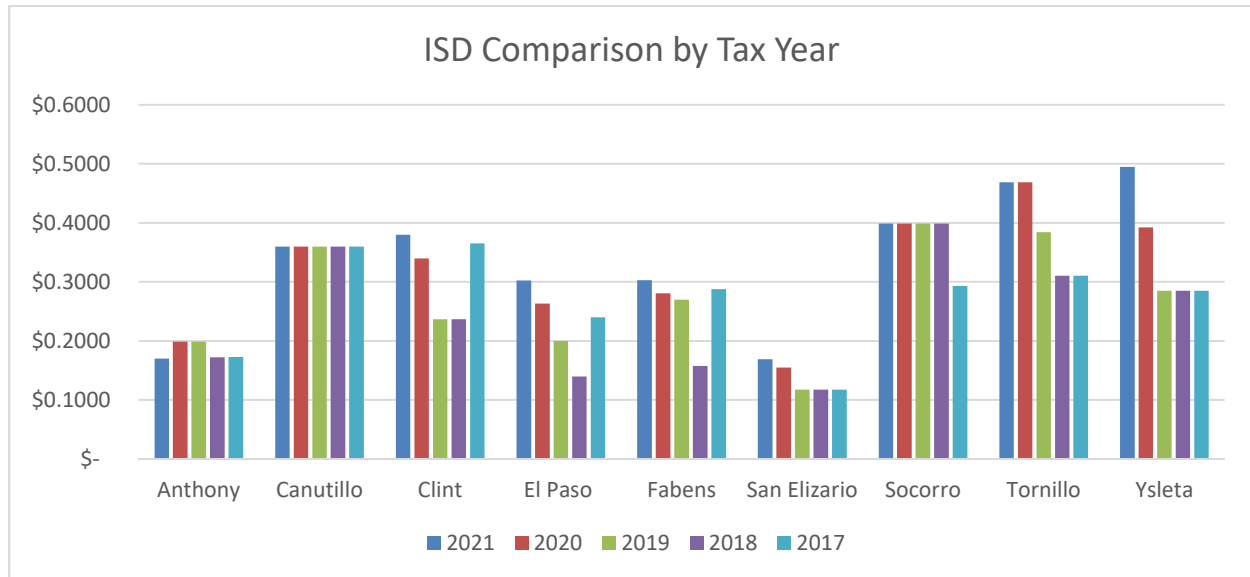
- $\$35,294,255 \text{ (budget)} / 12 \text{ (months)} \times 3 \text{ (months for recommended guideline)} = \$8,823,564$
- The unassigned fund balance in 2021 was \$12,554,947 (Exhibit C-1)

The Debt Service Fund

The ending fund balance in the District's Debt Service fund (Exhibit J-3) was \$239,349 for 2021, a decrease from \$450,598 at the end of the prior fiscal year of 2020.

Debt Administration

At the end of the fiscal year, the District had approximately \$25.7 million outstanding in bonds payable, which is a decrease from the \$27.1 million outstanding from the previous year. During the fiscal year, the Lease Revenue Bonds, 2006 were fully paid off. Additional information regarding bonds payable can be found under Note G, Bonds Payable, within the *Detailed Notes on All Fund and Account Groups* section. San Elizario ISD continues to have the lowest Interest & Sinking tax rate in the area:



Capital Assets

At year-end, the capital assets of the District increased to \$88.7 million from the \$88.6 million at the end of the prior year. The main addition was construction in progress for the Pathway of Champions. Additional information regarding capital assets can be found under Note D, Capital Asset Activity, within the *Detailed Notes on All Fund and Account Groups* section.

The Capital Projects Fund

The ending fund balance for capital acquisition in the District's Capital Projects fund was \$1,395,133 (Exhibit H-1). As noted in last year's financial statements, all the original bond projects have been completed at a savings of approximately \$5 million which has been earmarked for additional projects within the scope of the bond proposition.

Proprietary Funds

In the District's Internal Service Funds, the total combined net position increased to \$1,352,134 for 2021 from negative \$172,228 in 2020 representing an increase of \$1,524,362. The District has two internal service funds, one for Self Insurance and one for Worker's Compensation. The Worker's Compensation Fund had income before transfers of \$77,390 and the Self-Insurance Fund had a loss before transfers of \$53,028 with combined income for both funds totaling \$24,362. In addition, a \$1,500,000 transfer was made from the General Fund to clear beginning deficit position of the Self-Insurance Fund (Exhibit H-4).

Fiduciary Funds

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported separately in the Statement of Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes. (Exhibits E-1 & E-2).

General Fund Budget Recap (Exhibit G-1)

The Board of Trustees adopted a general fund budget of \$40,924,991 on June 15, 2020. Over the course of the year, the District revised its general fund budget for several reasons to include:

- Decreasing appropriations based on identified savings due to personnel turnover, due to positions that were not filled and from savings as a result of staff waiving coverage from the District's health insurance plan
- Decreasing budgeted revenues to reflect actual year end student counts and attendance.
- Increase appropriations for the Pathway of Champions project.
- Increasing revenues and expenditures to account for PPE items received from TEA.
- Amending the budget to reflect changes needed due to requirements regarding the ESSER I grant and due to savings for the SRO positions.

The final amended budget at the end of the fiscal year was \$39,062,671.

General fund expenditures did not exceed budgeted appropriations, as amended, at the function level. In addition, actual revenues of \$37.3 million represent approximately 94.31% of the amended revenues of \$39.6 million, while actual expenditures of \$34.6 million represent approximately 88.74% of the amended expenditures of \$39 million. A summary by category for these variances is as follows:

Revenue Category	Final Amended Budget	Actual Amounts	Variance with Final Budget	% Variance by Category
Local & Intermediate Sources (5700)	\$ 2,841,721	\$ 2,742,353	(\$99,368)	-3.50%
State Program Revenues (5800)	\$ 32,339,141	\$ 32,885,569	\$546,428	1.69%
Federal Program Revenues (5900)	\$ 4,422,324	\$ 1,722,739	(\$2,699,585)	-61.04%
Grand Total	\$ 39,603,186	\$ 37,350,661	(\$2,252,525)	-5.69%
<i>Grand total variance as a percentage of the final amended budget</i>				

Category	Variance	Revenue Categories	Positive (Negative)
Local & Intermediate Sources (5700)	(\$99,368)	5710 Local Real and Personal Property Taxes	\$ 114,604
		5730 Tuition and Fees	(\$ 1,920)
		5740 Other Revenues From Local Sources	(\$ 15,876)
		5750 Cocurricular, Enterprising Services or Activities	(\$ 194,070)
		5760 Revenues From Intermediate Sources	(\$ 2,106)
State Program Revenues (5800)	\$546,428	5810 Per Capita & Foundation School Program Act Revenues	\$555,593
		5820 State Program Revenues Distributed by TEA	\$ 8,869
		5830 State Revenues from State of Texas Government Agencies	(\$ 18,034)
Federal Program Revenues (5900)	(\$2,699,585)	5920 Federal Revenues Distributed by TEA	(\$2,986,594)
		5930 Fed. Revenues Distributed by Other State of Texas Gov't Agencies	\$ 268,550
		5940 Fed. Revenues Distributed Directly From the Federal Government	\$ 18,458
Grand Total	(\$2,252,525)	Total Variance	(\$2,252,525)

<u>Expenditure</u> Category	Final Amended Budget	Actual Amounts	Variance with Final Budget	% Variance by Category
Payroll Costs (6100)	\$ 30,257,909	\$ 28,521,517	\$ 1,736,392	5.74%
Professional & Contracted Services (6200)	\$ 2,573,704	\$ 2,059,633	\$ 514,071	19.97%
Supplies & Materials (6300)	\$ 4,422,040	\$ 2,614,960	\$ 1,807,080	40.87%
Other Operating Expenses (6400)	\$ 691,210	\$ 493,374	\$ 197,836	28.62%
Debt Service (6500)	\$ 836,000	\$ 835,432	\$ 568	0.07%
Capital Outlay (6600)	\$ 281,808	\$ 139,588	\$ 142,220	50.47%
Grand Total	\$ 39,062,671	\$ 34,664,503	\$ 4,398,167	11.26%
Grand total variance as a percentage of the final amended budget				

Category	Variance	<u>Expenditure</u> Categories	Positive (Negative)
Payroll Costs (6100)	\$ 1,736,392	6110 Teachers & Other Professional Personnel	\$ 715,693
		6120 Support Personnel	\$ 802,430
		6130 Employee Allowances	\$ 0
		6140 Employee Benefits	\$ 218,268
Professional & Contracted Services (6200)	\$ 514,071	6210 Professional Services	\$ 43,741
		6220 Tuition & Transfer Payments	\$ 0
		6230 Education Service Center Services	\$ 9,285
		6240 Contracted Maintenance & Repair Services	\$ 160,258
		6250 Utilities	\$ 203,009
		6260 Rentals – Operating Leases	\$ 21,437
Supplies & Materials (6300)	\$1,807,080	6290 Miscellaneous Contracted Services	\$ 76,342
		6310 Supplies & Materials for Maintenance & Operations	\$ 175,645
		6320 Textbooks and Other Reading Materials	\$ 3,515
		6330 Testing Materials	\$ 28,164
		6340 Food Service and Other Resale Items	\$ 1,484,653
Other Operating Expenses (6400)	\$197,836	6390 Supplies and Materials – General	\$ 115,103
		6410 Travel, Subsistence, & Stipends	\$ 50,575
		6420 Insurance & Bonding Costs	\$ 2,913
		6430 Election Costs	\$ 20,000
Debt Service (6500)	\$ 568	6490 Miscellaneous Operating Costs	\$ 124,348
		6510 Debt Principal	\$ 0
		6520 Interest Expenditures/Expense	\$ 0
Capital Outlay (6600)	\$ 142,220	6590 Other Debt Service Expenditures/Expenses	\$ 568
		6610 Land Purchase & Improvement	\$ 117,220
Grand Total	\$ 4,398,167	6639 Furniture & Equipment	\$ 25,000
		Total Variance	\$4,398,167

Economic Factors and Next Year's Budgets and Tax Rates

The 2021-22 budget was legally adopted by the Board of Trustees on June 23, 2021. Approximately 80% of the general fund revenues are generated from state sources with the majority of that being derived from the Per Capita and Foundation School Program Act Revenues. Due to the continued decline in enrollment, the District's budget was prepared without any projected increases in enrollment in an attempt to minimize budget shortfalls. The District has now experienced a decline in enrollment of approximately 17.75% over the past 5 years, which is above the threshold of a decline in enrollment by more than 10% over the past 5 years in order to qualify for a financial exigency in accordance with Texas Administrative Code 109.2001 as seen in the table and calculation below:

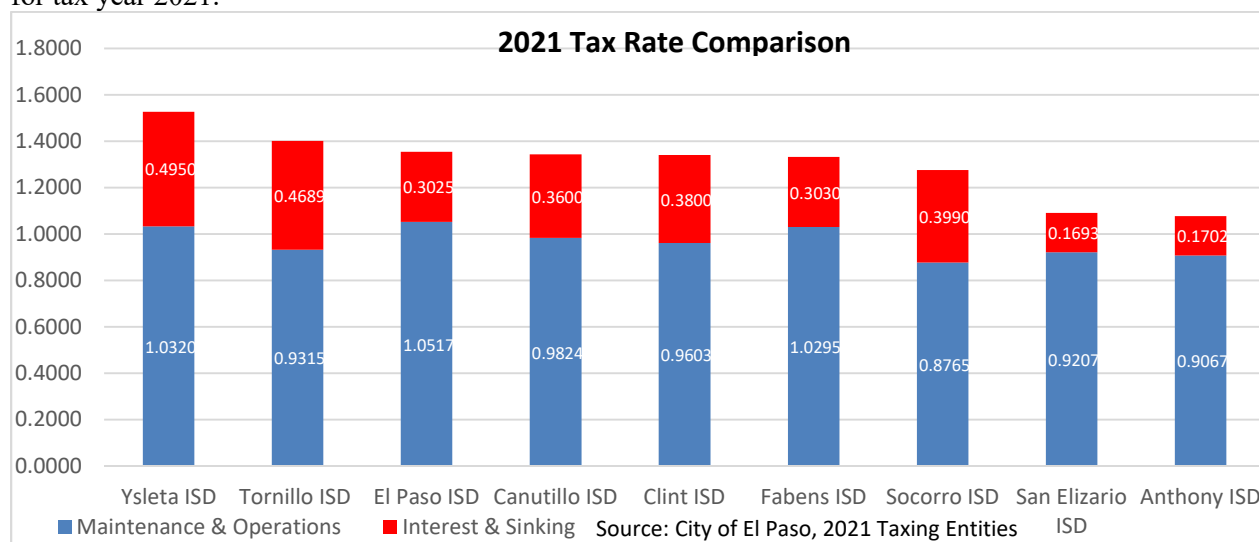
Fiscal Year	2020-21	2019-20	2018-19	2017-18	2016-17
Students	3,189	3,434	3,663	3,796	3,877

Calculation:

- $(2020-21 \text{ enrollment less } 2016-17 \text{ enrollment}) / 2016-17 \text{ enrollment}$
- $(3,189 - 3,877) / 3,877 = \text{negative } 17.75\%$

In order to offset these continued revenues decreases, budget reductions will need to continue to be implemented, staffing levels will need to continue to be evaluated, and operational changes such as the recently approved attendance boundary changes (ABC) initiative will need to continue to be considered in an effort to continue reducing expenditures.

The adopted budget for the 2021-22 (tax year 2021) fiscal year was based on a Maintenance & Operations tax rate of \$0.9207 and an Interest & Sinking tax rate of \$0.1693 per \$100 of assessed valuation of property for a total rate of \$1.09 compared to a Maintenance & Operations tax rate of \$1.0151 and an Interest & Sinking tax rate of \$0.1549 per \$100 of assessed valuation of property for a total tax rate of \$1.1700 in the 2020-21 (tax year 2020) fiscal year. A comparison of local area tax rates is shown below for tax year 2021:



Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Chief Financial Officer at 1050 Chicken Ranch Road, San Elizario, Texas 79849, or call (915) 872-3900.

BASIC FINANCIAL STATEMENTS

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SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 16,318,054
1220 Property Taxes - Delinquent	616,107
1230 Allowance for Uncollectible Taxes	(56,969)
1240 Due from Other Governments	4,564,566
1250 Accrued Interest	715
1267 Due from Fiduciary Funds	9,339
1300 Inventories	213,092
1410 Prepayments	84,758
Capital Assets:	
1510 Land and Improvements, Net	4,586,497
1520 Buildings and Improvements, Net	40,605,165
1530 Furniture and Equipment, Net	1,363,765
1540 Vehicles, Net	1,547,039
1560 Library Books and Media, Net	28,455
1580 Construction in Progress	122,106
1000 Total Assets	70,002,689
DEFERRED OUTFLOWS OF RESOURCES	
1703 Deferred Outflow Related to TRS OPEB	1,950,294
1705 Deferred Outflow Related to TRS Pension	4,037,666
1700 Total Deferred Outflows of Resources	5,987,960
LIABILITIES	
2110 Accounts Payable	98,222
2150 Payroll Deductions and Withholdings	270,667
2160 Accrued Wages Payable	1,664,176
2180 Due to Other Governments	1,710,069
2200 Accrued Expenses	919,716
2300 Unearned Revenue	100,355
Noncurrent Liabilities:	
2501 Due Within One Year: Bonds & Compensated Abs	2,396,014
Due in More than One Year:	
2502 Bonds and Compensated Absences	27,443,185
2540 Net Pension Liability (District's Share)	12,751,669
2545 Net OPEB Liability (District's Share)	12,151,273
2000 Total Liabilities	59,505,346
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	2,080,923
2606 Deferred Inflow Related to TRS OPEB	10,252,882
2600 Total Deferred Inflows of Resources	12,333,805
NET POSITION	
3200 Net Investment in Capital Assets	22,320,078
Restricted:	
3820 Restricted for Federal and State Programs	573,593
3850 Restricted for Debt Service	113,208
3870 Restricted for Campus Activities	126,287
3880 Restricted for Scholarships	4,254
3900 Unrestricted	(18,985,922)
3000 Total Net Position	\$ 4,151,498

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

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 23,231,205	\$ 4,265	\$ 5,396,122
12 Instructional Resources and Media Services	628,813	363	81,098
13 Curriculum and Instructional Staff Development	1,578,109	2,919	1,378,182
21 Instructional Leadership	779,167	-	70,923
23 School Leadership	2,139,578	908	121,620
31 Guidance, Counseling, and Evaluation Services	1,352,710	2,541	97,349
32 Social Work Services	190,935	-	11,819
33 Health Services	625,462	-	670,971
34 Student (Pupil) Transportation	1,293,582	-	59,470
35 Food Services	2,460,449	10,261	2,115,215
36 Extracurricular Activities	1,098,888	8,454	37,632
41 General Administration	1,685,808	929	749,921
51 Facilities Maintenance and Operations	4,225,923	4,411	244,750
52 Security and Monitoring Services	948,506	-	89,552
53 Data Processing Services	1,293,638	-	48,268
61 Community Services	150,029	-	122,823
72 Debt Service - Interest on Long-Term Debt	1,055,959	-	1,067,722
73 Debt Service - Bond Issuance Cost and Fees	840	-	-
81 Capital Outlay	-	-	-
99 Other Intergovernmental Charges	32,129	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 44,771,730</u>	<u>\$ 35,051</u>	<u>\$ 12,363,437</u>

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
SI	Special Item - Loss on Disposal of Assets
TR	Total General Revenues and Special Items
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment
NE	Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
5		6	
Capital Grants and Contributions		Governmental Activities	
\$	-	\$	(17,830,818)
	-		(547,352)
	-		(197,008)
	-		(708,244)
	-		(2,017,050)
	-		(1,252,820)
	-		(179,116)
	-		45,509
	-		(1,234,112)
	-		(334,973)
	-		(1,052,802)
	-		(934,958)
	-		(3,976,762)
	-		(858,954)
	-		(1,245,370)
	-		(27,206)
	-		11,763
	-		(840)
	15,467		15,467
	-		(32,129)
\$	15,467		(32,357,775)

	2,533,618
	365,067
	30,427,657
	29,240
	131,607
	(32,138)
	33,455,051
	1,097,276
	3,043,377
	10,845
\$	4,151,498

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes	General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 12,549,093	\$ 1,788,925	\$ 14,338,018
1220 Property Taxes - Delinquent	563,438	52,669	616,107
1230 Allowance for Uncollectible Taxes	(52,273)	(4,696)	(56,969)
1240 Due from Other Governments	3,334,133	1,230,433	4,564,566
1250 Accrued Interest	715	-	715
1260 Due from Other Funds	1,093,121	220,633	1,313,754
1300 Inventories	213,092	-	213,092
1410 Prepayments	33,915	-	33,915
1000 Total Assets	<u>\$ 17,735,234</u>	<u>\$ 3,287,964</u>	<u>\$ 21,023,198</u>
LIABILITIES			
2110 Accounts Payable	\$ 72,868	\$ 21,837	\$ 94,705
2150 Payroll Deductions and Withholdings Payable	270,667	-	270,667
2160 Accrued Wages Payable	1,361,989	302,187	1,664,176
2170 Due to Other Funds	444,534	859,881	1,304,415
2180 Due to Other Governments	1,597,085	112,984	1,710,069
2200 Accrued Expenditures	119,022	2,195	121,217
2300 Unearned Revenue	62,224	38,131	100,355
2000 Total Liabilities	<u>3,928,389</u>	<u>1,337,215</u>	<u>5,265,604</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	511,165	47,973	559,138
2600 Total Deferred Inflows of Resources	<u>511,165</u>	<u>47,973</u>	<u>559,138</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	150,868	-	150,868
3430 Prepaid Items	33,915	-	33,915
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	411,730	137,753	549,483
3470 Capital Acquisition and Contractual Obligation	-	1,395,133	1,395,133
3480 Retirement of Long-Term Debt	-	239,349	239,349
3490 Other Restricted Fund Balance	-	130,541	130,541
Committed Fund Balance:			
3510 Construction	117,220	-	117,220
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	27,000	-	27,000
3600 Unassigned Fund Balance	12,554,947	-	12,554,947
3000 Total Fund Balances	<u>13,295,680</u>	<u>1,902,776</u>	<u>15,198,456</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 17,735,234</u>	<u>\$ 3,287,964</u>	<u>\$ 21,023,198</u>

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

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 15,198,456
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	1,352,134
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$88,606,018 and the accumulated depreciation was (\$37,285,729). In addition, long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	20,312,938
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 including the 2021 capital outlays and debt principal payments is to increase net position.	1,069,084
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 \$4,037,666, a deferred resource inflow in the amount of \$2,080,923, and a net pension liability in the amount of \$12,751,669. This resulted in a decrease in net position.	(10,794,926)
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 \$1,950,294, a deferred resource inflow in the amount of \$10,252,882, and a net OPEB liability in the amount of \$12,151,273. This resulted in a decrease in net position.	(20,453,861)
The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(3,207,808)
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, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	675,481
Net Position of Governmental Activities	\$ 4,151,498

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

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 2,742,353	\$ 430,202	\$ 3,172,555
5800 State Program Revenues	32,885,569	1,228,067	34,113,636
5900 Federal Program Revenues	1,722,739	6,556,813	8,279,552
5020 Total Revenues	37,350,661	8,215,082	45,565,743
EXPENDITURES:			
Current:			
0011 Instruction	17,785,083	3,362,054	21,147,137
0012 Instructional Resources and Media Services	525,381	50,767	576,148
0013 Curriculum and Instructional Staff Development	158,849	1,302,876	1,461,725
0021 Instructional Leadership	710,960	24,167	735,127
0023 School Leadership	1,911,879	5,952	1,917,831
0031 Guidance, Counseling, and Evaluation Services	1,207,170	18,843	1,226,013
0032 Social Work Services	172,740	600	173,340
0033 Health Services	437,247	149,458	586,705
0034 Student (Pupil) Transportation	1,017,592	3,489	1,021,081
0035 Food Services	1,790,341	421,869	2,212,210
0036 Extracurricular Activities	823,649	18,313	841,962
0041 General Administration	1,575,066	-	1,575,066
0051 Facilities Maintenance and Operations	3,603,268	435,517	4,038,785
0052 Security and Monitoring Services	823,222	36,835	860,057
0053 Data Processing Services	1,131,913	561	1,132,474
0061 Community Services	22,428	120,151	142,579
Debt Service:			
0071 Principal on Long-Term Debt	800,000	580,000	1,380,000
0072 Interest on Long-Term Debt	34,992	1,096,900	1,131,892
0073 Bond Issuance Cost and Fees	440	400	840
Capital Outlay:			
0081 Facilities Acquisition and Construction	100,155	37,418	137,573
Intergovernmental:			
0099 Other Intergovernmental Charges	32,129	-	32,129
6030 Total Expenditures	34,664,504	7,666,170	42,330,674
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	2,686,157	548,912	3,235,069
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	4,322	-	4,322
7915 Transfers In	1,300,000	-	1,300,000
8911 Transfers Out (Use)	(1,500,000)	(1,300,000)	(2,800,000)
7080 Total Other Financing Sources (Uses)	(195,678)	(1,300,000)	(1,495,678)
1200 Net Change in Fund Balances	2,490,479	(751,088)	1,739,391
0100 Fund Balance - July 1 (Beginning)	10,805,201	2,643,019	13,448,220
1300 Prior Period Adjustment	-	10,845	10,845
3000 Fund Balance - June 30 (Ending)	\$ 13,295,680	\$ 1,902,776	\$ 15,198,456

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

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 1,739,391
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.	1,524,362
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 2021 capital outlays and debt principal payments is to increase net position.	1,253,631
Depreciation is 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.	(3,207,808)
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, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(9,470)
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 \$712,851. 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 \$743,715. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased) decreased the change in net position by \$697,449. The net result is a decrease in the change in net position.	(728,313)
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 \$181,833. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$191,875. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense (increase) decreased the change in net position by (\$535,525). The net result is an increase in the change in net position.	525,483
Change in Net Position of Governmental Activities	\$ 1,097,276

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

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PROPRIETARY FUNDS FINANCIAL STATEMENTS

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,980,036
Total Assets	<u>1,980,036</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	3,517
Accrued Expenses	624,385
Total Liabilities	<u>627,902</u>
NET POSITION	
Unrestricted Net Position	<u>1,352,134</u>
Total Net Position	<u><u>\$ 1,352,134</u></u>

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

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Interfund Services Provided	\$ 4,614,501
Total Operating Revenues	4,614,501
OPERATING EXPENSES:	
Professional and Contracted Services	3,783,560
Other Operating Costs	808,823
Total Operating Expenses	4,592,383
Operating Income	22,118
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	2,244
Total Nonoperating Revenues (Expenses)	2,244
Income Before Transfers	24,362
Transfer In	1,500,000
Change in Net Position	1,524,362
Total Net Position - July 1 (Beginning)	(172,228)
Total Net Position - June 30 (Ending)	\$ 1,352,134

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

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT D-3

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 4,614,501
Cash Payments for Insurance Claims	(5,419,118)
Net Cash Used for Operating Activities	(804,617)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer In	1,500,000
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	2,244
Net Increase in Cash and Cash Equivalents	697,627
Cash and Cash Equivalents at Beginning of Year	1,282,409
Cash and Cash Equivalents at End of Year	\$ 1,980,036
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income:	\$ 22,118
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	3,517
Increase (decrease) in Accrued Expenses	22,833
Increase (decrease) in Due to Other Funds	(853,085)
Net Cash Used for Operating Activities	\$ (804,617)

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

FIDUCIARY FUND FINANCIAL STATEMENTS

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	\$ 14,878
Total Assets	<u>14,878</u>
LIABILITIES	
Due to Other Funds	<u>9,339</u>
Total Liabilities	<u>9,339</u>
NET POSITION	
Restricted for Individuals and Organizations	<u>5,539</u>
Total Net Position	<u><u>\$ 5,539</u></u>

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

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Fund
ADDITIONS:	
Contributions to Student Groups	\$ 3,770
Total Additions	<u>3,770</u>
DEDUCTIONS:	
Supplies and Materials	2,951
Events & Other Expenses	<u>9,875</u>
Total Deductions	<u>12,826</u>
Change in Fiduciary Net Position	(9,056)
Total Net Position - July 1 (Beginning)	-
Prior Period Adjustment	<u>14,595</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 5,539</u></u>

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

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Because the Board of Trustees (the "Board") is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB").

The decisions to include or exclude a potential component unit in the reporting entity were made by applying standards contained in GAAP. The most primary standard for including or excluding a potential component unit is whether it is financially dependent on the reporting entity. The fiscal dependency criterion also required that a financial benefit or burden relationship be present in order for a potential component unit to be included in the financial reporting entity. Other manifestations of the ability to exercise oversight responsibility include, but certainly are not limited to, the selection of the governing authority, the designation of management, the ability to materially influence operations and accountability for fiscal matters. The second standard used to evaluate potential component units is the scope of public services. Application of this standard entails considering whether the activity benefits the District, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. The third standard involved in evaluating whether potential component units are included or excluded from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

The above standards were applied to the San Elizario Independent School District Public Facilities Corporation (Corporation), and the District determined that it is a component unit of the District.

San Elizario Independent School District Public Facilities Corporation (PFC)

In 1998, the Board of Trustees adopted a resolution approving the creation of the San Elizario Independent School District Public Facilities Corporation for the purpose of constructing school facilities and leasing those facilities to the District. The balances, if any, included in these financial statements related to the PFC are as of June 30, 2021, and are presented in the appropriate capital asset and long-term liability accounts.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, charges to school districts for services, state funds, grants and other intergovernmental revenues.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement category represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For pensions and OPEB, these outflows result from pension plan and OPEB contributions made after the measurement date of the net pension and OPEB liabilities and the net differences between projected and actual earnings on pension and OPEB plan investments; results of changes in actuarial assumptions; differences between expected and actual economic experiences; and changes in the District's proportional share of net pension and OPEB liabilities. The deferred outflows of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liabilities in the next fiscal year. The other pension and OPEB related deferred outflows will be amortized over a systematic and rational method over a closed period.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement category represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For pensions and OPEB, these inflows result from pension plan and OPEB changes in actuarial assumptions; differences between expected and actual economic experiences; and changes in the District's proportional share of net pension and OPEB liabilities. These inflows will be amortized over a systematic and rational method over a closed period.

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. The Plan's fiduciary net position has been determined on the same basis as that used by the Plan. 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.

The fiduciary net position of the Teacher Retirement System of Texas (TRS) 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 addition 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.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs through program revenues. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Examples of program revenues include tuition paid by students not residing in the district, school lunch charges, etc. The “grants and contributions” column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District’s functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to or due from on the government-wide Statement of Net Position.

The fund financial statements report on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds as major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All other revenues and expenses are nonoperating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, deferred inflows of resources, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues, except for property tax revenue, available if they are collectible within one year after year end. School Health and Related Services (SHARS) revenue is recognized as revenue when it is earned and when the annual Cost Report is acknowledged by the Texas Health and Human Service Commission.

Revenues from local sources consist primarily of property taxes, services provided to districts and teachers, and investment income. Revenues received from the State are recognized under the susceptible -to- accrual concept, that is, when they are both measurable and available. The District considers property tax revenue available if it will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Unavailable revenue from property taxes arises only under modified accrual basis of accounting. The governmental funds report this unavailable revenue as deferred inflow of resources, which is recognized revenue in the period that the amounts become available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. Within this measurement focus, assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into investment in capital assets net of related debt, restricted, and unrestricted.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The District reports the following major governmental fund:

1. General Fund - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Additionally, the District reports the following fund types:

GOVERNMENTAL FUNDS:

1. Special Revenue Funds - The District accounts for resources restricted for specific purposes by a grantor in a special revenue fund. Most Federal and State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. SEISD Public Facilities Corporation (PFC) - If this entity had activity, a special revenue fund would be utilized for the District's component unit.
3. Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
4. Capital Projects Fund- The proceeds from long-term debt financing will be used to construct, renovate, acquire and equip school buildings in the District and pay any associated costs.
5. Permanent Funds - Account for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no permanent funds.

PROPRIETARY FUNDS:

6. Enterprise Funds - The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has no enterprise funds.
7. Internal Service Funds - These funds are used to account for financing of goods or services provided by one department to other departments of the District on a cost-reimbursement basis. The District's internal service funds are the self-insurance health and worker's compensation funds.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS:

8. Private Purpose Trust Fund - This fund is used to report all fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds or investment trust funds and are held in a trust. The District has no Private Purpose Trust Fund.
9. Pension (and Other Employee Benefit) Trust Funds - These funds are used to report fiduciary activities for pensions plans and OPEB plans that are administered through trusts and other employee benefit plans for which resources are held in a trust. The District has no Pension Trust Funds.
10. Investment Trust Fund - This fund is used to report fiduciary activities from the external position of investments pools and individual investment accounts that are held in a trust. The District has no investment trust funds.
11. Custodial Funds - These funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private trust funds. The District's custodial fund is the Student Activity Fund and consists of funds that are property of students and others and cannot be used in the District in operations.

E. Other Accounting Policies

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year end, except for nonparticipating interest-earning investment contracts which are reported at cost. Investments with an original maturity of less than one year are reported at amortized cost, which approximates fair value.
3. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.
4. The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank 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.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District 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, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and 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, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Management asserts that the District is in substantial compliance with the requirements of the Act and with local policies.
6. Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk:

Deposits - The District is not exposed to credit risk.

Temporary Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the District's investments in LoneStar Investment Pool were rated AA+ and AA, and Texas CLASS investments were rated AA by Standard & Poors.

Custodial Credit Risk:

Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. Since the District complies with this law, it has minimal custodial credit risk for deposits.

Temporary Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. Investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk:

Deposits - The District is not exposed to concentration of credit risk.

Temporary Investments - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. Concentration of Credit Risk is not applicable to investment pools since the purpose of these pools is to diversify the District's investment portfolio.

Interest Rate Risk:

Deposits - The District is not exposed to interest rate risk.

Temporary Investments - To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District requires its investment portfolio to have maturities of less than one year on a weighted average maturity (WAM) basis.

Foreign Currency Risk:

Deposits - The District attempts to limit the risk that changes in exchange rates will adversely affect a deposit by avoiding deposits denominated in a foreign currency.

Temporary and Long-term Investments - The District attempts to limit the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding investment pools or securities which are denominated in a foreign currency.

7. Inventories of supplies on the balance sheet are reported at weighted average cost and they include food and non-food supplies, consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
8. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. When applicable, premiums and discounts are presented as a component of liabilities while deferred losses on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight line method. Long-term debt is reported net of the applicable premium or discount.

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

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. The District currently does not have a policy to pay any amounts related to unpaid accumulated sick leave when employees separate from service with the District.
10. Capital assets, which include land, buildings, furniture and equipment and are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value at the date of the receipt.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Vehicles	10
Other Equipment	10
Computer Equipment	10

11. Net Position on the Statement of Net Position includes the following:

Net Investment in Capital Assets - this component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.

Restricted for Federal and State Programs - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agency(s).

Restricted for Debt Service - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuance which have constraints placed on them by the bond covenant(s) for the purpose of future debt service payments.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted for Campus Activities - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted transactions related to a principal or student activity fund.

Restricted for Scholarships - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted transactions related to scholarships.

Unrestricted Net Position - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District considers restricted resources to have been spent.

12. The District reports the following fund balance categories which describe the nature and relative strength of the spending constraints:

- **Non-spendable** - Represents amounts that are not in spendable form or are legally or contractually required to be maintained intact, such as inventories.
- **Restricted Fund Balance** - Represents amounts that are restricted to specific purposes, with constraints placed on the use of resources by (a) external creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or (c) enabling legislation.
- **Committed Fund Balance** - Represents amounts that are restricted for purposes which the Board of Trustees, the District's highest level of decision-making authority, has designated their use. These amounts are committed through a formal resolution, requiring funds to be used only for specific purposes. These amounts can only be re-allocated by the same formal action that was taken to originally commit those amounts. The Board of Trustees shall take action to commit funds for a specific purpose prior to the end of the fiscal year.
- **Assigned Fund Balance** – Represents amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The governing body has delegated authority to the Superintendent or designated managers. Should the Board opt not to commit any balances, it will implicitly defer to the designees to make appropriate assignments.
- **Unassigned Fund Balance** – Represents amounts that are available for any purpose and have not been restricted, committed, or assigned for specific purposes. Positive amounts are reported only in the general fund.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a formal resolution. Assigned fund balance is established by the Superintendent or designated managers through adoption or amendment of the budget as intended for specific purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed amounts, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes of which amounts in any of those unrestricted fund balance classifications could be used, unless the Board of Trustees or designee's have provided otherwise in its commitment or assignment actions.

13. Since internal service funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
14. The District sponsors self-insured plans to provide health care benefits to employees and their dependents and worker's compensation benefits to employees. Revenues of these internal service funds are received from both the District's governmental funds and premiums charged to employees. Expenses are comprised of claims incurred during the fiscal year, professional and contracted services and other miscellaneous expenses. The General Fund is contingently liable for liabilities of these funds.
15. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide* (FASRG). Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.
16. The District receives substantial amounts of funding from special revenue sources. The majority of this money is cost reimbursement to the District by the federal government or Texas Education Agency. The portion of revenue allowable for indirect cost is credited as revenue to the General Fund and as a reduction to revenue in the Special Revenue Fund, as appropriate. The indirect cost revenue is fully allocated to function 41 in the Statement of Activities as operating grants and contributions.
17. In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets as least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

18. Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District 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 31 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.
19. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on 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.

- F. The District implemented GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying fiduciary activities of all state and local governments.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the Net Position for governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, and the District's proportionate share of the net pension and OPEB liabilities are not due and payable in the current period and are not reported as liabilities in the funds.

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in Net Position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both net position and the change in net position.

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. In addition, certain pension and OPEB expenditures were de-expended, and the District recorded their proportionate share of the pension and OPEB expense.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At June 30, 2021 the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts, including fiduciary funds cash, and internal service funds cash) was \$1,901,302 and the bank balance was \$2,315,992. The Districts' cash deposits at June 30, 2021 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: Wells Fargo Bank
- b. The market value of bonds and securities pledged as of the date of the highest combined balance on deposit was \$2,418,909.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$2,468,904 and occurred during the month of June 2021.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$500,000.

Due to the immediate availability of the funds, the District's temporary investments are presented as cash as of June 30, 2021 and, include the following:

	<u>Account Balance</u>
Lone Star Investment Pool	
Government Overnight Fund - amortized cost	\$ 1,622,415
Corporate Overnight Fund - amortized cost	1,531,886
Corporate Overnight Plus Fund - fair value	7,341,090
Texas CLASS - fair value	<u>3,186,239</u>
Total	<u><u>\$ 13,681,630</u></u>

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

The Lone Star Investment Pool is a member owned, member-governed public funds investment pool. It is managed by an eleven member Board of Trustees and the Board is authorized to adopt and maintain bylaws. There is also an Advisory Board composed of participants that gathers and exchanges information from participants relating to the operation of the Pool. Each fund within the Pool has received the highest rating, that of AAA, from Standard & Poor's as required by the Public Fund's Investment Act. Each fund seeks to maintain a net asset value of one dollar. Lone Star Investment Pool issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by calling Lone Star at 1-800-558-8875. Texas Class (Texas Cooperative Liquid Assets Securities System Trust) is a pooled investment program administered by the Public Trust Advisors, LLC. Texas Class is governed by the Board of Trustees which has appointed an Advisory Board composed of Participants and other persons who are qualified to advise the Trust. Each fund seeks to maintain a net asset value of one dollar. For those pools measured at amortized cost, management is not aware of the presence of any limitations or restrictions on withdrawals such as redemption notice periods, maximum transaction amounts, or the investment pool's authority to impose liquidity fees or redemption gates.

The District presents the following Certificates of Deposits as cash as of June 30, 2021:

	<u>Account Balance</u>
GECU CD	\$ 250,000
Bank of Texas CD	250,000
First Light FCU CD	<u>250,000</u>
Total	<u><u>\$ 750,000</u></u>

B. Receivables from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. A majority of the federal grants are passed through the TEA. Amounts due from federal and state governments as of June 30, 2021, are summarized below.

	General Fund	Non-Major Governmental Funds	Total
Federal Grants	\$ 587,801	\$ 893,097	\$ 1,480,898
State Entitlements/Grants	<u>2,746,332</u>	<u>337,336</u>	<u>3,083,668</u>
Total	<u><u>\$ 3,334,133</u></u>	<u><u>\$ 1,230,433</u></u>	<u><u>\$ 4,564,566</u></u>

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. Interfund Balances and Transfers

Interfund balances are the result of normal operations and are cleared out periodically. Management intends to pay out these balances within one year. Interfund balances at June 30, 2021 consisted of the following individual fund balances:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
General Fund	\$ 223,901	\$ 223,901
Non-Major Governmental Funds	859,881	220,633
Fiduciary Funds	<u>9,339</u>	<u>-</u>
Total General Fund	<u>1,093,121</u>	<u>444,534</u>
Non Major Special Revenue Funds:		
General Fund	<u>220,633</u>	<u>859,881</u>
Fiduciary Funds:		
General Fund	<u>-</u>	<u>9,339</u>
Total	<u><u>\$ 1,313,754</u></u>	<u><u>\$ 1,313,754</u></u>

Interfund transfers during the year ended June 30, 2021 consisted of a transfer from the general fund to the internal service fund (Self Insurance Fund) in the amount of \$1,500,000 to cover the deficit fund balance from the year ended June 30, 2020. Additionally, the Summer Feeding Program fund transferred \$1,300,000 to the Child Nutrition Program fund (included in the general fund) to cover an anticipated deficit fund balance. Both programs are part of the Child Nutrition Cluster.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

D. Capital Asset Activity

Capital asset activity for the District for the year ended June 30, 2021, was as follows:

	Primary Government			
	Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
<u>Governmental activities:</u>				
Land and improvements	\$ 4,986,168	\$ 15,467	\$ -	\$ 5,001,635
Buildings and improvements	74,449,031	-	-	74,449,031
Furniture and equipment	4,439,025	39,433	(24,405)	4,454,053
Vehicles	4,703,339	-	-	4,703,339
Library books and media	28,455	-	-	28,455
Construction in progress	-	122,106	-	122,106
Totals at historic cost	88,606,018	177,006	(24,405)	88,758,619
Less accumulated depreciation for:				
Land improvements	(294,682)	(120,456)	-	(415,138)
Buildings and improvements	(31,405,301)	(2,438,565)	-	(33,843,866)
Furniture and equipment	(2,760,015)	(318,218)	(12,055)	(3,090,288)
Vehicles	(2,825,731)	(330,569)	-	(3,156,300)
Total accumulated depreciation	(37,285,729)	(3,207,808)	(12,055)	(40,505,592)
Governmental activities capital assets, net	\$ 51,320,289	\$ (3,030,802)	\$ (36,460)	\$ 48,253,027

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,596,513
Instructional resources and media services	39,380
Curriculum and instructional staff development	68,677
Instructional leadership	24,919
School leadership	174,476
Guidance, counseling and evaluation services	96,844
Social work services	13,709
Health services	33,627
Student (pupil) transportation	256,167
Food services	206,105
Cocurricular/extracurricular activities	242,853
General administration	38,606
Plant maintenance and operations	195,110
Security and monitoring services	70,868
Data processing services	145,018
Community services	4,936
Total depreciation expense	<u>\$ 3,207,808</u>

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. Unearned Revenue

Unearned revenue at year end consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
State Textbook Fund	\$ -	\$ 37,819	\$ 37,819
Miscellaneous Federal program	-	288	288
Miscellaneous State program	13,177	24	13,201
USDA Commodities	49,047	-	49,047
Total Unearned Revenue	<u>\$ 62,224</u>	<u>\$ 38,131</u>	<u>\$ 100,355</u>

F. Changes in Long-Term Liabilities

A summary of changes in general long-term liabilities for the year ended June 30, 2021 is as follows:

	Funded by:	Beginning	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
<u>Bonds Payable:</u>						
School Facility Corporation Lease Revenue Bonds, Series 2006 (Private Placement)	General Fund	\$ 800,000	\$ -	\$ 800,000	\$ -	\$ -
Unlimited Tax Building Bond	Debt Service	26,335,000	-	580,000	25,755,000	610,000
Total Bonds Payable		<u>27,135,000</u>	<u>-</u>	<u>1,380,000</u>	<u>25,755,000</u>	<u>610,000</u>
<u>Other Liabilities:</u>						
Accumulated unpaid vacation and sick leave	General Fund	2,233,769	1,252,188	974,840	2,511,117	1,786,014
Unamortized Premium on Bonds		1,638,582	-	65,500	1,573,082	-
Total Other Liabilities		<u>3,872,351</u>	<u>1,252,188</u>	<u>1,040,340</u>	<u>4,084,199</u>	<u>1,786,014</u>
Total Governmental Long- term Liabilities		<u>\$31,007,351</u>	<u>\$ 1,252,188</u>	<u>\$ 2,420,340</u>	<u>\$29,839,199</u>	<u>\$ 2,396,014</u>

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

G. Bonds Payable

A summary of changes in the bonds payable for the year ended June 30, 2021 is as follows:

Bonded Indebtedness:	Interest Rate	Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
School Facility Corporation Lease Revenue Bonds - Series 2006 (Private Placement)	4.374%	\$ 9,285,000	\$ 800,000	\$ -	\$ 800,000	\$ -	\$ -
Unlimited Tax School Building Bonds - Series 2015	3.375% - 6.0%	27,905,000	26,335,000	-	580,000	25,755,000	610,000
Total			27,135,000	-	1,380,000	25,755,000	610,000

Debt service requirements for bonds are as follows:

Year Ending June 30,	Principal (Unlimited Bond Series)	Interest (Unlimited Bond Series)	Total Requirements
2022	\$ 610,000	\$ 1,067,900	\$ 1,677,900
2023	640,000	1,037,400	1,677,400
2024	675,000	1,005,400	1,680,400
2025	705,000	971,650	1,676,650
2026-2030	4,100,000	4,292,000	8,392,000
2031-2035	5,215,000	3,177,294	8,392,294
2036-2040	6,285,000	2,100,994	8,385,994
2041-2045	7,525,000	867,187	8,392,187
Total	\$ 25,755,000	\$ 14,519,825	\$ 40,274,825

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2021. For the year ended June 30, 2021, the District paid \$1,131,892 in interest costs related to bonds payable. The District has no capital appreciation bonds.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

H. Rebatable Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. Arbitrage is evaluated and estimated on an annual basis by a third party company. The company has estimated no liability for the District as of June 30, 2021.

I. Accumulated Unpaid Vacation and Sick Leave

Sick leave is available at the beginning of the year. The actual liability may increase or decrease due to teachers moving into and out of the district, and either using or accumulating more sick leave. Additionally, the Board of Trustees may change the District's policy with respect to accrued benefits.

The balance of accumulated unpaid vacation and sick leave at June 30, 2021 was \$2,511,117. The estimated payment due within one year is \$1,786,014. The remainder balance of \$725,103 is presented as other long-term debt in these financial statements. A summary of changes in the accumulated sick leave and vacation leave liability follows:

	Sick and Vacation Leave
Balance, June 30, 2020	\$ 2,233,769
Additions - New Entrants and Salary Increments	1,252,188
Deductions and corrections - Payments to Participants	(974,840)
Balance, June 30, 2021	<u>\$ 2,511,117</u>

The District does not pay any accrued sick leave or vacation leave upon retirement or death, unless special consideration is given by the Superintendent and the Board of Trustees.

J. Defined Benefit Pension Plan

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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. 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.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (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 (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

Benefits Provided: TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in 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.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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

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

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

	<u>Contribution Rates</u>	
	<u>Plan Fiscal Year</u>	
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%

<u>Contributions Required and Made</u>	
2021 Employer Contributions	\$ 951,692
2021 Member Contributions	2,055,898
2020 Plan Year NECE On-Behalf Contributions (State)	1,427,040

Contributors to the plan include active 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 (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

Included in the employer contributions amount listed above for fiscal year 2021, the District paid \$6,049 in retiree surcharges and \$331,333 for the Public Education Employer Contribution. These two additional surcharges an employer is subject to are summarized as follows:

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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

Actuarial Assumptions: The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020. The actuarial methods and assumption used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three year period ending August 31, 2017 and were adopted in July 2018. The following table discloses the assumptions that were applied to this measurement period:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Mortality Assumption	The active mortality rates were based on 90 percent of RP 2014 Employee Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Discount Rate: A single discount rate used to measure the total pension liability was 7.25 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of cash flows used to determine the 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 legislative 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 projected 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 expected rate of return on pension plan investments is 7.25 percent and was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation*	Long-Term Expected Geometric Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Absolute Return (Including Credit Sensitive Investments)	-	1.80%	-
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.02%
Energy, Natural Resources and Infrastructure	6.00%	6.00%	0.42%
Commodities	-	0.80%	-
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Asset Allocation Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag***			-0.67%
Total	100.00%		7.33%

*Target allocations are based on the FY2020 policy model

**Capital Market Assumptions come from Aon Hewitt (as of 8/31/2020)

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

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (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 Net Pension Liability:

	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 19,662,845	\$ 12,751,669	\$ 7,136,489

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2021, the District reported a liability of \$ 12,751,669 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:

The District's proportionate share of the collective net pension liability	\$ 12,751,669
State's proportionate share that is associated with the District	<u>18,523,748</u>
Total	<u><u>\$ 31,275,417</u></u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0238091007% which was a decrease of 0.0000175360% from its proportion measured as of August 31, 2019.

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

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

For the year ended June 30, 2021, the District recognized pension expense of \$2,227,996 and revenue of \$2,227,996 for support provided by the State.

The amount of pension expense recognized by the District in the reporting period was \$3,908,001.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 23,284	\$ 355,865
Changes in actuarial assumptions	2,958,841	1,258,078
Net difference between projected and actual investment earnings	258,146	-
Changes in proportion and difference between District's contributions and proportionate share of contributions	84,544	466,980
District contributions to TRS subsequent to the measurement date	712,851	-
Total	<u>\$ 4,037,666</u>	<u>\$ 2,080,923</u>

The \$712,851 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

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

Year Ended June 30	Amount
2022	\$ 196,973
2023	527,254
2024	546,487
2025	128,808
2026	(152,371)
Thereafter	(3,259)
	<u>\$ 1,243,892</u>

Changes in Net Pension Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	\$ 12,385,831	\$ 1,348,208	\$ 982,370	\$ 12,751,669

Payable to the Pension Plan: At June 30, 2021, the District reported a payable of \$238,308 to the pension plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$163,264.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

K. Defined Other Post-Employment Benefit Plan

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 plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. 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 (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf; by writing to TRS at 1000 Red River Street, Austin, TX 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 plan. 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 retirees are reflected in the following table:

TRS-Care Monthly 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

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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 on active employee compensation. 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 0.65 percent of salary. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. 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.

	<u>Contributions Rates</u>	
	2020	2021
Active Employee	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%
2021 Employer Contributions	\$ 232,914	
2021 Member Contributions	172,793	
2020 Plan Year NECE On-behalf Contributions (State)	326,469	

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 employers hire a TRS retiree, employers are required to pay to TRS Care a monthly surcharge of \$535 per retiree. During the year ended June 30, 2021, the District did not employ TRS retirees and therefore did not pay any surcharge amounts to TRS-Care.

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$2,208,137, for fiscal year 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal year 2021.

House Bill 1, 86th Texas Legislature, Regular Session, 2019 provided an additional \$230 million to continue to support the program. The District's proportionate share of this amount totaled \$12,589, representing the 2 months July and August 2020 that overlap with the District's current fiscal year.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Actuarial Assumptions: The total OPEB liability (TOL) in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020 using update procedures. The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The total OPEB liability in the August 31, 2019 actuarial valuation was determined using the actuarial assumptions below. Those 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, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Salary Increases
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Salary Increases	3.05% to 9.05%, including inflation
Demographic Assumptions	The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of TRS. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.
Mortality Assumption	The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale ("U-MP").

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SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Health Care Trend Rates	Initial medical trend rates of 9.00 percent for Medicare retirees and 7.3 percent for non-Medicare retirees. Initial prescription drug trend rate of 9.00 percent for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.25 over a period of 13 years.
Election Rates	Normal Retirement: 65 percent participation prior to age 65 and 40 percent participation after age 65; 25 percent pre-65 retirees are assumed to discontinue coverage at age 65
Aging Factors	Based on plan specific experience.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Other Information	
Ad hoc post-employment benefit changes	None
Notes	Assumption changes include a discount rate change from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowering the participation rate assumption for employees who retire after the age of 65, and lowering the ultimate health care trend assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

Discount Rate: A single discount rate of 2.33 percent was used to measure the total OPEB liability. There was a decrease of 0.30 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 used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2020 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds.

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 in measuring the Net OPEB Liability.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

	1% Decrease in Discount Rate 1.33%	Current Single Discount Rate 2.33%	1% Increase in Discount Rate 3.33%
District's proportionate share of the Net OPEB Liability:	\$ 14,581,500	\$ 12,151,273	\$ 10,231,743

Healthcare Cost Trend Rates Sensitivity Analysis: The following presents the Net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the Net OPEB Liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed health-care cost trend rate:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 9,926,033	\$ 12,151,273	\$ 15,114,978

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2021, the District reported a liability of \$12,151,273 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:

The District's proportionate share of the collective Net OPEB Liability	\$ 12,151,273
State's proportionate share that is associated with the District	<u>16,328,399</u>
Total	<u><u>\$ 28,479,672</u></u>

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the Total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was 0.0319648245%, which was a decrease of 0.0007677962% from its proportion measured as of August 31, 2019.

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SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

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

There were no changes to benefit terms that affected measurement of the Total OPEB liability during the measurement period.

For the year ended June 30, 2021, the District recognized OPEB expense of \$(113,378) and revenue of \$(113,378) for support provided by the State.

The amount of OPEB expense recognized by the District in the reporting period was \$(405,947).

At June 30, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits (OPEB) from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 636,236	\$ 5,561,044
Changes in actuarial assumptions	749,481	3,336,802
Difference between projected and actual investment earnings	3,949	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	378,795	1,355,036
Contributions paid to TRS subsequent to the measurement date	181,833	-
Total	<u>\$ 1,950,294</u>	<u>\$ 10,252,882</u>

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

The \$181,833 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. 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:

Year Ended June 30:	OPEB Expense Amount
2022	\$ (1,373,082)
2023	(1,373,610)
2024	(1,373,912)
2025	(1,373,829)
2026	(1,049,266)
Thereafter	(1,940,722)
	<u>\$ (8,484,421)</u>

Changes in Net OPEB Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	\$ 15,479,657	\$ -	\$ 3,328,384	\$ 12,151,273

Payable to the OPEB Plan: At June 30, 2021, the District reported a payable of \$32,310 to the OPEB plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$13,726.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Medicare Part D contributions made on behalf of the District's employees for the year ended June 30, 2021, 2020 and 2019 were \$112,109, \$124,290, and \$101,708, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

L. Health Care Coverage

The District began its own self funded insurance program effective September 1, 2001 with respect to health insurance. The District contributed \$500 from July 2020 - August 2020 and \$550 from September 2020 - June 2021 per month per employee to the plan. Employees, at their option, authorize payroll withholdings to pay premiums for dependent's health insurance coverage. Aetna is the third party administrator for the plan. Terms and provisions are included in the contractual provisions.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

The District obtained excess loss insurance which limited annual claims paid from the Fund for the year ended June 30, 2021 to \$110,000 for any individual participant. There was no aggregate limit for the Fund.

Estimates of claims payable and of claims incurred but not reported (IBNR) at June 30, 2021, are reflected as accrued expenses of the fund. The plan is funded to discharge liabilities of the fund as they become due.

Changes in the balances of claims liabilities during the 2020-2021 year are as follows:

	<u>Period Ended June 30, 2021</u>
Unpaid claims, beginning of year	\$ 383,934
Incurred claims (including IBNRs)	3,139,524
Claim payments	<u>(3,113,618)</u>
Unpaid claims, end of fiscal year (Included in accrued expenses)	<u><u>\$ 409,840</u></u>

M. Self-Insured Worker's Compensation

The District self-insures its worker's compensation claims which are administered by a third party, Claims Administrative Services, Inc. Estimated incurred but not paid claims are accrued as liabilities in the Worker's Compensation Fund. The District also participates in a pool exclusively for school districts with acceptable loss histories. The District has a stop loss maximum of \$197,535.

Worker's Compensation liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The accrued liability for Worker's Compensation self-insurance of \$214,544 includes estimated incurred but not paid claims. Because of past history, the District considers all claims to be current liabilities. Because actual claim liabilities depend on such complex factors as inflation, changes in legal requirements and impairment benefits, the process used in computing claim liabilities results in an estimate and actual results may differ.

Changes in the balances of claims liabilities during the year are as follows:

Unpaid claims, beginning of year	\$ 217,618
Incurred claims	49,454
Claims payments	<u>(52,527)</u>
Unpaid claims, end of fiscal year	<u><u>\$ 214,545</u></u>

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

N. Fund Balance

As of June 30, 2021, fund balances are composed of the following:

	General Fund	Non Major Governmental Funds	Total
Nonspendable:			
Inventories	\$ 150,868	\$ -	\$ 150,868
Prepaid Items	33,915	-	33,915
Restricted:			
Food Service	411,730	-	411,730
Capital Acquisition and Contractual Obligation	-	1,395,133	1,395,133
Summer Feeding Program	-	137,753	137,753
Scholarships	-	4,254	4,254
Debt Service	-	239,349	239,349
Campus Activities	-	126,287	126,287
Committed:			
Construction	117,220	-	117,220
Assigned:			
Other -High School painting	27,000	-	27,000
Unassigned	12,554,947	-	12,554,947
Total	<u>\$ 13,295,680</u>	<u>\$ 1,902,776</u>	<u>\$ 15,198,456</u>

As of June 30, 2021, \$110,396 of the general fund committed fund balance for construction has been encumbered and \$27,000 of the general fund assigned fund balance has been encumbered. In addition, \$795,376 of the capital projects restricted fund balance for capital acquisition and contractual obligation has been encumbered. See Note S for details.

O. Encumbrances

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed and are used to control expenditures for the year and to enhance cash management. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year end, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Encumbrance accounting is employed as an extension of formal budgetary integration for the District's funds. At June 30, 2021, the District had unfilled purchase orders that it intends to honor in the 2021-2022 year in the amount of \$932,772. See Note S.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

P. Revenue from Local and Intermediate Sources

During the year, revenues from local and intermediate sources consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Property Taxes	\$ 2,590,274	\$ 386,383	\$ 2,976,657
Penalties and Interest on Taxes	97,463	11,011	108,474
Food Service Activity	1,137	9,123	10,260
Investment income	27,353	1,887	29,240
Athletic Activities	392	-	392
Enterprising services	-	7,518	7,518
Other Revenues from Local Sources	25,734	14,280	40,014
Total	<u>\$ 2,742,353</u>	<u>\$ 430,202</u>	<u>\$ 3,172,555</u>

Q. School Health and Related Services (SHARS) Revenue

SHARS is a Medicaid financing program and allows local school districts to obtain Medicaid reimbursement for certain health-related services provided to students in special education. Since SHARS settle-up amounts are usually calculated and received a year or more in arrears, the District does not have adequate information to make an estimate for receivable related to the current year on the government wide financial statements. However, the receivable and related revenues are recorded in the fiscal year the preliminary settle-up amounts are available, which is usually one year in arrears.

SHARS revenue adjustment recorded in the current period related to prior years' settle-up amounts was \$316,492. As of June 30, 2021, the SHARS receivable was \$319,262 and is included in "Receivable from Other Governments."

R. Litigation

During the normal course of business the District is subject to various legal claims. As of June 30, 2021, management is not aware of any such claim which would have a material adverse effect on the financial statements.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

S. Construction and Other Significant Commitments and Contingencies

Construction Commitments -The District had ongoing projects under non-cancelable contracts at June 30, 2021. Commitments as of June 30, 2021 are as follows:

Project Name	Fund	Commitment	Paid To Date	Remaining Commitment
Drainage Improvements	Capital Projects	\$ 73,169	\$ -	\$ 73,169
High School kitchen flooring	Capital Projects	91,610	-	91,610
Field house Re-roofing	Capital Projects	35,220	-	35,220
HVAC units	Capital Projects	595,377	-	595,377
Pathway of Champions Project	General Fund	174,289	63,893	110,396
High School interior painting	General Fund	27,000	-	27,000
Total		\$ 996,665	\$ 63,893	\$ 932,772

Federal and State Funding - San Elizario Independent School District participates in numerous state and federal programs that are subject to audit by the Texas Education Agency and various Federal and/or State audit agencies. These programs have complex compliance requirements, and should State or Federal auditors discover areas of material noncompliance, those District funds may be subject to refund if so determined by administrative audit review.

In the opinion of administration, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

T. Commitments under Leases

Operating Leases

As of June 30, 2021 the District had entered into operating lease agreements for copiers having an initial or remaining noncancellable lease term in excess of one year.

Commitments under operating (non-capitalized) lease agreements provide for minimum future rental payments estimated by management as of June 30, 2021, as follows:

<u>Year Ending June 30,</u>	
2022	\$ 91,200
2023	91,200
Total Potential Minimum Rentals	<u>\$ 182,400</u>

Rental Expenditures in fiscal year 2021 amounted to \$91,200.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

U. 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. The Board maintains insurance policies acquired from independent insurance carriers covering all structural property, automobiles, dishonesty, education legal liability errors and omissions, boiler and machinery, personal property, and general liability. There have been no significant reductions to insurance coverage from prior years and settlements have not exceeded insurance coverage.

For the year ended June 30, 2021, San Elizario Independent School District carried insurance for building, contents, and property in the amount of \$137,998,000 with deductibles ranging from \$5,000 to \$100,000 per occurrence.

V. Related Party Transactions

From time to time, the District may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the 2020-2021 fiscal year.

W. Other Retirement Plans

The District has also established a 457 Deferred Compensation Plan and a Tax-sheltered Annuity 403(b) Plan. All regular full-time employees are eligible to participate in these Plans immediately upon becoming employed by the District. As of June 30, 2021, the District had 137 employees participating in these two Plans. Employee contributions to the Plans totaled \$282,095.

In addition, the District also has a FICA Alternative Plan for non TRS substitutes and non TRS part-time workers. As of June 30, 2021, the District had 52 employees participating in the FICA Alternative Plan and employee contributions to the plan for the year ended June 30, 2021 were \$14,482.

The District does not contribute to any of these Plans and does not hold the assets in a trustee capacity. Management does not have control over the funds nor can they access the funds, and therefore believes the District does not have fiduciary accountability for the Plans. As such, the Plan assets are not included in a trust fund in the District's financial statements.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

X. Top Ten Taxpayers

The following businesses and individuals represent the top ten taxpayers of San Elizario Independent School District's tax base:

Name of Taxpayer	Net Taxable Value
Comanche Trail Pipeline	\$ 4,488,930
Martinez Carlos & 3	3,100,000
Villa Victoria Apartments LLC	3,051,700
El Paso Electric Co	2,179,020
Texas Gas Service	2,069,440
Martinez Carlos	1,881,124
Roadrunner Gas Transmission LLC	1,862,840
El Paso Natural Gas Co	1,445,084
San Elizario Palms LTD	1,332,278
Presidio Palms LTD	1,226,290
Total of top 10 Taxpayer's	<u><u>\$ 22,636,706</u></u>

Y. Prior Period Adjustment

As part of the District's implementation of GASB 84, an adjustment was necessary to increase the opening fund balance of the District Campus Activity Funds (fund 461) since after applying the GASB 84 criteria to certain student activities, it was determined that a fiduciary relationship was not present and the amounts should be recorded in a special revenue fund. In addition, after applying the criteria under GASB 84 for a private purposed trust, it was determined that the Jerry Antwine Scholarship fund did not meet the definition of a fiduciary fund and the fund was moved to a special revenue fund. The result of these two items was an increase in the fund balance for special revenue funds in the amount of \$5,591 and \$5,254, respectively, for a total increase in fund balance and net position of \$10,845.

For the student activity funds that met the criteria to be included as a fiduciary funds, the District re-evaluated the opening amounts of the "Due to Student Groups" in relation to GASB 84. As a result, these amounts were reclassified from "Due to Student Groups" to restricted net position in the custodial fund in the amount of \$14,595.

Z. Subsequent Events

Subsequent to year end, the Board of Trustees approved refunding part of the Unlimited Tax School Bond Series 2015 if the market conditions would allow for a cost savings to the District. However, as of the issuance of the financial statements, no further action has been taken as market conditions have not been beneficial for a cost savings to the District.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

AA. New Accounting Pronouncements

The District has not completed the process of evaluating the impact on its financial position that will result from adopting the following Governmental Accounting Standards Board (GASB) Statements:

- GASB No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021. GASB No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.

- GASB No. 89, *Accounting for Interest Cost incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2020. GASB No. 89 requires that interest costs incurred during a construction period be recognized as an expense for business-type activity.

- GASB No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021. GASB No. 91 requires issuers to disclose information about their conduit debt obligations.

- GASB No. 92, *Omnibus*, effective for periods beginning after June 15, 2021. GASB No. 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

- GASB No. 93, *Replacement of Interbank Offered Rates*, with exception of paragraphs 11b, 13, and 14, was effective for reporting periods beginning after June 15, 2020. The requirement of 11b is effective for reporting periods ending December 31, 2021. The requirements in paragraph 13 and 14 are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. GASB No. 93 addresses accounting and financial implications that result from the replacement of an interbank offered rate.

- GASB No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*, effective for periods beginning after June 15, 2022. GASB No. 94 improves financial reporting by addressing issues related to public private and public-public partnerships arrangements (PPPs) as well as availability payment arrangements (APAs).

- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans*, effective for periods beginning after June 15, 2021. GASB No. 97 provides specific guidance related to (1) reporting of fiduciary component units that perform duties of a governing board; (2) narrows applicability of certain requirements from GASB No. 84 related to defined benefit pension and OPEB plans and; (3) specific guidance for Internal Revenue Code Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

AB. COVID-19

As a result of the public health emergency related to the outbreak of COVID-19 in the United States, the Texas Education Agency has been awarded Coronavirus financial aid packages which are being distributed to the various school districts in Texas via Elementary and Secondary School Emergency Relief (ESSER) funds. San Elizario ISD received \$1.7M in ESSER I funds for the 2020-2021 fiscal year. In August of 2021 the District received \$10.4M in ESSER III funds and in September of 2021 the District received \$6.9M in ESSER II funds.

As of September 2, 2021, the Texas Education Agency (TEA) informed local education agencies (LEAs) that it has no plans to issue missed school day waivers due to COVID-19 during the 2021-2022 school year if the LEA or its campuses are closed. Each LEA will need to plan to make up time for school closures during the school year and may need to add additional instructional days and/or minutes to their calendar to meet the 75,600 operational minute requirement. As of the date of this report, the District has not had any missed school days due to COVID-19 and as such, has not determined the impact, if any, on the District.

REQUIRED SUPPLEMENTARY INFORMATION

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 2,841,721	\$ 2,841,721	\$ 2,742,353	\$ (99,368)
5800 State Program Revenues	32,800,279	32,339,141	32,885,569	546,428
5900 Federal Program Revenues	4,422,324	4,422,324	1,722,739	(2,699,585)
5020 Total Revenues	40,064,324	39,603,186	37,350,661	(2,252,525)
EXPENDITURES:				
Current:				
0011 Instruction	20,403,722	18,605,819	17,785,083	820,736
0012 Instructional Resources and Media Services	527,959	527,959	525,381	2,578
0013 Curriculum and Instructional Staff Development	193,200	193,200	158,849	34,351
0021 Instructional Leadership	720,694	728,426	710,960	17,466
0023 School Leadership	2,179,033	2,065,033	1,911,879	153,154
0031 Guidance, Counseling, and Evaluation Services	1,286,786	1,221,786	1,207,170	14,616
0032 Social Work Services	166,059	180,059	172,740	7,319
0033 Health Services	535,185	465,185	437,247	27,938
0034 Student (Pupil) Transportation	1,352,296	1,358,356	1,017,592	340,764
0035 Food Services	3,789,324	3,793,689	1,790,341	2,003,348
0036 Extracurricular Activities	1,062,225	1,067,531	823,649	243,882
0041 General Administration	1,604,260	1,658,961	1,575,066	83,895
0051 Facilities Maintenance and Operations	4,012,334	4,003,258	3,603,268	399,990
0052 Security and Monitoring Services	1,027,670	926,178	823,222	102,956
0053 Data Processing Services	1,141,464	1,142,076	1,131,913	10,163
0061 Community Services	42,280	27,280	22,428	4,852
Debt Service:				
0071 Principal on Long-Term Debt	800,000	800,000	800,000	-
0072 Interest on Long-Term Debt	34,992	34,992	34,992	-
0073 Bond Issuance Cost and Fees	1,008	1,008	440	568
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	217,375	100,155	117,220
Intergovernmental:				
0099 Other Intergovernmental Charges	44,500	44,500	32,129	12,371
6030 Total Expenditures	40,924,991	39,062,671	34,664,504	4,398,167
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(860,667)	540,515	2,686,157	2,145,642
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	5,000	5,000	4,322	(678)
7915 Transfers In	-	1,300,000	1,300,000	-
8911 Transfers Out (Use)	(1,500,000)	(1,500,000)	(1,500,000)	-
7080 Total Other Financing Sources (Uses)	(1,495,000)	(195,000)	(195,678)	(678)
1200 Net Change in Fund Balances	(2,355,667)	345,515	2,490,479	2,144,964
0100 Fund Balance - July 1 (Beginning)	10,805,201	10,805,201	10,805,201	-
3000 Fund Balance - June 30 (Ending)	\$ 8,449,534	\$ 11,150,716	\$ 13,295,680	\$ 2,144,964

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2021

Budgets and Budgetary Accounting

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General, National School Breakfast and Lunch Program, and Debt Service funds before the beginning of the fiscal year. For fiscal years beginning July 1, the Texas Education Code requires the budget to be prepared not later than June 20 and adopted by June 30 of each year. The District's administration determines budgetary funding priorities and the budgets are prepared on the same basis of accounting that is used for reporting in accordance with generally accepted accounting principles. Final budget allocations are determined by the Board, which subsequently establishes a tax rate sufficient to support the approved budget. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days public notice of the meeting. The District annually adopts legally authorized appropriated budgets for the General, National School Breakfast and Lunch Program, and Debt Service funds. On June 15, 2020, the 2020-2021 budget was legally adopted by the Board.

The District's administration performs budget reviews during the year in which budget requirements are re-evaluated and revisions are recommended to the Board. The Board must approve amendments to the budget at the fund and functional expenditure categories or revenue object accounts as defined by the TEA. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Several amendments were necessary during the year. However, none of these were significant.

Expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at year-end.

The Budget and Actual - General Fund includes the District's Child Nutrition Program which is separately presented as Exhibit J-2.

During the fiscal year ended June 30, 2021, the District did not have any expenditures over appropriations on all required legally adopted budgets.

SAN ELIZARIO 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, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.023809101%	0.023826637%	0.02509859%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 12,751,669	\$ 12,385,831	\$ 13,814,873
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	18,523,748	18,345,304	20,671,120
Total	<u>\$ 31,275,417</u>	<u>\$ 30,731,135</u>	<u>\$ 34,485,993</u>
District's Covered Payroll	\$ 27,714,655	\$ 26,000,716	\$ 26,272,342
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	46.01%	47.64%	52.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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, 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 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.025093332%		0.025305349%		0.0267438%		0.024321%	
\$	8,023,496	\$	9,562,515	\$	9,453,577	\$	6,496,475
12,430,524		15,294,691		14,654,604		10,836,550	
\$	20,454,020	\$	24,857,206	\$	24,108,181	\$	17,333,025
\$	25,672,182	\$	24,857,206	\$	24,108,181	\$	17,333,025
31.25%		38.47%		39.21%		37.48%	
82.17%		78.00%		78.43%		83.25%	

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 951,692	\$ 871,995	\$ 835,784
Contribution in Relation to the Contractually Required Contribution	(951,692)	(871,995)	(835,784)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 26,688,154	\$ 26,263,662	\$ 26,064,573
Contributions as a Percentage of Covered Payroll	3.57%	3.32%	3.21%

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.

2018		2017		2016		2015	
\$	846,355	\$	818,408	\$	804,499	\$	705,355
	(846,355)		(818,408)		(804,499)		(705,355)
\$	-	\$	-	\$	-	\$	-
\$	26,276,743	\$	25,588,761	\$	25,280,408	\$	24,538,863
	3.22%		3.20%		3.18%		2.87%

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED JUNE 30, 2021

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 were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

SAN ELIZARIO 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, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.031964825%	0.032732621%	0.034642683%	\$ 0.033722374%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 12,151,273	\$ 15,479,657	\$ 17,297,409	\$ 14,664,595
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	16,328,399	20,569,002	21,278,832	\$ 19,007,010
Total	<u>\$ 28,479,672</u>	<u>\$ 36,048,659</u>	<u>\$ 38,576,241</u>	<u>\$ 33,671,605</u>
District's Covered Payroll	\$ 27,648,106	\$ 25,900,503	\$ 26,272,342	\$ 25,672,605
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	43.95%	59.77%	65.84%	\$ 57.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	\$ 0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore 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 of 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.

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 232,914	\$ 228,941	\$ 234,995	\$ 228,949
Contribution in Relation to the Contractually Required Contribution	(232,914)	(228,941)	(234,995)	(228,949)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 26,791,186	\$ 26,162,751	\$ 25,964,500	\$ 26,276,743
Contributions as a Percentage of Covered Payroll	0.87%	0.88%	0.91%	0.87%

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.

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED JUNE 30, 2021

Changes of Benefit Terms Since the Prior Measurement Period

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.
- The primary reasons for this year's liability reduction related to the difference between expected and actual experience were due to (a) savings to the fully-insured Medicare Advantage premiums, which resulted from Congress' repeal of the Health Insurer Fee in December of 2019 and the vendor premium guarantees, and (b) favorable claims and rebate experience for the prescription drug benefits provided to Medicare retirees.

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SUPPLEMENTARY INFORMATION

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes		206 ESEA Title X, Pt.C Homeless	211 ESEA Title I Part A	212 ESEA Title I Part C Migrant
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-
1240	Due from Other Governments	1,924	270,836	5,952
1260	Due from Other Funds	-	-	-
1000	Total Assets	<u>\$ 1,924</u>	<u>\$ 270,836</u>	<u>\$ 5,952</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ 628	\$ -
2160	Accrued Wages Payable	233	78,455	1,289
2170	Due to Other Funds	1,691	191,753	4,663
2180	Due to Other Governments	-	-	-
2200	Accrued Expenditures	-	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>1,924</u>	<u>270,836</u>	<u>5,952</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-
3480	Retirement of Long-Term Debt	-	-	-
3490	Other Restricted Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,924</u>	<u>\$ 270,836</u>	<u>\$ 5,952</u>

224 IDEA Part B Formula	225 IDEA Part B Preschool	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	276 Instructional Continuity Grant
\$ -	\$ -	\$ 19,508	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
89,159	10	83,804	1,996	16,206	16,591	397,252	-
-	-	47,262	-	-	-	-	-
<u>\$ 89,159</u>	<u>\$ 10</u>	<u>\$ 150,574</u>	<u>\$ 1,996</u>	<u>\$ 16,206</u>	<u>\$ 16,591</u>	<u>\$ 397,252</u>	<u>\$ -</u>
\$ -	\$ -	\$ 1,453	\$ -	\$ -	\$ -	\$ -	\$ -
37,277	-	11,368	-	-	-	168,866	-
51,882	10	-	1,996	16,206	16,591	228,386	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>89,159</u>	<u>10</u>	<u>12,821</u>	<u>1,996</u>	<u>16,206</u>	<u>16,591</u>	<u>397,252</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	137,753	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>137,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 89,159</u>	<u>\$ 10</u>	<u>\$ 150,574</u>	<u>\$ 1,996</u>	<u>\$ 16,206</u>	<u>\$ 16,591</u>	<u>\$ 397,252</u>	<u>\$ -</u>

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes		277 Coronavirus Relief Fund CARES	288 Title III Part Summer LEP	289 ESEA IV, A Student Supp. Academic	397 Advanced Placement Incentives
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	-	6,258	3,109	-
1260	Due from Other Funds	-	-	-	24
1000	Total Assets	<u>\$ -</u>	<u>\$ 6,258</u>	<u>\$ 3,109</u>	<u>\$ 24</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	6,258	3,109	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	-	-	-	24
2000	Total Liabilities	<u>-</u>	<u>6,258</u>	<u>3,109</u>	<u>24</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 6,258</u>	<u>\$ 3,109</u>	<u>\$ 24</u>

410 State Instructional Materials	425 SPED Fiscal Support	427 School Safety & Security Grant	428 TCEQ Grant	461 Campus Activity Funds	470 Jerry Antwine Scholarship Fund	Total Nonmajor Special Revenue Funds	599 Debt Service Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,508	\$ 352,333
-	-	-	-	-	-	-	52,669
-	-	-	-	-	-	-	(4,696)
-	-	-	337,336	-	-	1,230,433	-
37,819	4,987	-	-	126,287	4,254	220,633	-
<u>\$ 37,819</u>	<u>\$ 4,987</u>	<u>\$ -</u>	<u>\$ 337,336</u>	<u>\$ 126,287</u>	<u>\$ 4,254</u>	<u>\$ 1,470,574</u>	<u>\$ 400,306</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,081	\$ -
-	4,699	-	-	-	-	302,187	-
-	-	-	337,336	-	-	859,881	-
-	-	-	-	-	-	-	112,984
-	-	-	-	-	-	-	-
37,819	288	-	-	-	-	38,131	-
<u>37,819</u>	<u>4,987</u>	<u>-</u>	<u>337,336</u>	<u>-</u>	<u>-</u>	<u>1,202,280</u>	<u>112,984</u>
-	-	-	-	-	-	-	47,973
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,973</u>
-	-	-	-	-	-	137,753	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	239,349
-	-	-	-	126,287	4,254	130,541	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,287</u>	<u>4,254</u>	<u>268,294</u>	<u>239,349</u>
<u>\$ 37,819</u>	<u>\$ 4,987</u>	<u>\$ -</u>	<u>\$ 337,336</u>	<u>\$ 126,287</u>	<u>\$ 4,254</u>	<u>\$ 1,470,574</u>	<u>\$ 400,306</u>

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes		699	Total
		Capital	Nonmajor
		Projects	Governmental
		Fund	Funds
ASSETS			
1110	Cash and Cash Equivalents	\$ 1,417,084	\$ 1,788,925
1220	Property Taxes - Delinquent	-	52,669
1230	Allowance for Uncollectible Taxes	-	(4,696)
1240	Due from Other Governments	-	1,230,433
1260	Due from Other Funds	-	220,633
1000	Total Assets	<u>\$ 1,417,084</u>	<u>\$ 3,287,964</u>
LIABILITIES			
2110	Accounts Payable	\$ 19,756	\$ 21,837
2160	Accrued Wages Payable	-	302,187
2170	Due to Other Funds	-	859,881
2180	Due to Other Governments	-	112,984
2200	Accrued Expenditures	2,195	2,195
2300	Unearned Revenue	-	38,131
2000	Total Liabilities	<u>21,951</u>	<u>1,337,215</u>
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	-	47,973
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>47,973</u>
FUND BALANCES			
Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	137,753
3470	Capital Acquisition and Contractual Obligation	1,395,133	1,395,133
3480	Retirement of Long-Term Debt	-	239,349
3490	Other Restricted Fund Balance	-	130,541
3000	Total Fund Balances	<u>1,395,133</u>	<u>1,902,776</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,417,084</u>	<u>\$ 3,287,964</u>

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SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA Title I Part A	212 ESEA Title I Part C Migrant
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	19,820	2,038,065	53,528
5020 Total Revenues	19,820	2,038,065	53,528
EXPENDITURES:			
Current:			
0011 Instruction	18,920	819,357	27,554
0012 Instructional Resources and Media Services	-	39,710	-
0013 Curriculum and Instructional Staff Development	-	978,303	-
0021 Instructional Leadership	300	-	23,122
0023 School Leadership	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	1,183	-
0032 Social Work Services	600	-	-
0033 Health Services	-	84,263	-
0034 Student (Pupil) Transportation	-	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0052 Security and Monitoring Services	-	-	-
0053 Data Processing Services	-	-	-
0061 Community Services	-	115,249	2,852
Debt Service:			
0071 Principal on Long-Term Debt	-	-	-
0072 Interest on Long-Term Debt	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
6030 Total Expenditures	19,820	2,038,065	53,528
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
8911 Transfers Out (Use)	-	-	-
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-
1300 Prior Period Adjustment	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -

224 IDEA Part B Formula	225 IDEA Part B Preschool	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	276 Instructional Continuity Grant
\$ -	\$ -	\$ 9,123	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	4,145	-	-	-	-	-
596,421	8,571	1,526,493	43,135	196,426	197,353	1,460,150	9,872
596,421	8,571	1,539,761	43,135	196,426	197,353	1,460,150	9,872
596,421	8,571	-	39,869	-	78,207	1,283,044	-
-	-	-	-	-	-	-	-
-	-	-	796	196,426	117,096	-	9,872
-	-	-	745	-	-	-	-
-	-	-	675	-	-	-	-
-	-	-	1,050	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	65,195	-
-	-	-	-	-	-	3,489	-
-	-	421,869	-	-	-	-	-
-	-	-	-	-	-	350	-
-	-	-	-	-	-	107,511	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	561	-
-	-	-	-	-	2,050	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
596,421	8,571	421,869	43,135	196,426	197,353	1,460,150	9,872
-	-	1,117,892	-	-	-	-	-
-	-	(1,300,000)	-	-	-	-	-
-	-	(182,108)	-	-	-	-	-
-	-	319,861	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 137,753	\$ -	\$ -	\$ -	\$ -	\$ -

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	277 Coronavirus Relief Fund CARES	288 Title III Part Summer LEP	289 ESEA IV, A Student Supp. Academic	397 Advanced Placement Incentives
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	1,618
5900 Federal Program Revenues	240,682	11,566	154,731	-
5020 Total Revenues	240,682	11,566	154,731	1,618
EXPENDITURES:				
Current:				
0011 Instruction	240,682	11,566	146,092	1,618
0012 Instructional Resources and Media Services	-	-	8,639	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	240,682	11,566	154,731	1,618
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

410 State Instructional Materials	425 SPED Fiscal Support	427 School Safety & Security Grant	428 TCEQ Grant	461 Campus Activity Funds	470 Jerry Antwine Scholarship Fund	Total Nonmajor Special Revenue Funds	599 Debt Service Fund
\$ -	\$ -	\$ -	\$ -	\$ 20,799	\$ 1,000	\$ 30,922	\$ 398,329
72,111	25,185	57,286	-	-	-	160,345	1,067,722
-	-	-	-	-	-	6,556,813	-
72,111	25,185	57,286	-	20,799	1,000	6,748,080	1,466,051
72,111	8,575	-	-	7,467	2,000	3,362,054	-
-	-	-	-	2,418	-	50,767	-
-	-	-	-	383	-	1,302,876	-
-	-	-	-	-	-	24,167	-
-	-	-	-	5,277	-	5,952	-
-	16,610	-	-	-	-	18,843	-
-	-	-	-	-	-	600	-
-	-	-	-	-	-	149,458	-
-	-	-	-	-	-	3,489	-
-	-	-	-	-	-	421,869	-
-	-	-	-	17,963	-	18,313	-
-	-	4,984	-	-	-	112,495	-
-	-	36,835	-	-	-	36,835	-
-	-	-	-	-	-	561	-
-	-	-	-	-	-	120,151	-
-	-	-	-	-	-	-	580,000
-	-	-	-	-	-	-	1,096,900
-	-	-	-	-	-	-	400
-	-	15,467	-	-	-	15,467	-
72,111	25,185	57,286	-	33,508	2,000	5,643,897	1,677,300
-	-	-	-	(12,709)	(1,000)	1,104,183	(211,249)
-	-	-	-	-	-	(1,300,000)	-
-	-	-	-	(12,709)	(1,000)	(195,817)	(211,249)
-	-	-	-	133,405	-	453,266	450,598
-	-	-	-	5,591	5,254	10,845	-
\$ -	\$ -	\$ -	\$ -	\$ 126,287	\$ 4,254	\$ 268,294	\$ 239,349

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	699 Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 951	\$ 430,202
5800 State Program Revenues	-	1,228,067
5900 Federal Program Revenues	-	6,556,813
5020 Total Revenues	951	8,215,082
EXPENDITURES:		
Current:		
0011 Instruction	-	3,362,054
0012 Instructional Resources and Media Services	-	50,767
0013 Curriculum and Instructional Staff Development	-	1,302,876
0021 Instructional Leadership	-	24,167
0023 School Leadership	-	5,952
0031 Guidance, Counseling, and Evaluation Services	-	18,843
0032 Social Work Services	-	600
0033 Health Services	-	149,458
0034 Student (Pupil) Transportation	-	3,489
0035 Food Services	-	421,869
0036 Extracurricular Activities	-	18,313
0051 Facilities Maintenance and Operations	323,022	435,517
0052 Security and Monitoring Services	-	36,835
0053 Data Processing Services	-	561
0061 Community Services	-	120,151
Debt Service:		
0071 Principal on Long-Term Debt	-	580,000
0072 Interest on Long-Term Debt	-	1,096,900
0073 Bond Issuance Cost and Fees	-	400
Capital Outlay:		
0081 Facilities Acquisition and Construction	21,951	37,418
6030 Total Expenditures	344,973	7,666,170
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(344,022)	548,912
OTHER FINANCING SOURCES (USES):		
8911 Transfers Out (Use)	-	(1,300,000)
1200 Net Change in Fund Balance	(344,022)	(751,088)
0100 Fund Balance - July 1 (Beginning)	1,739,155	2,643,019
1300 Prior Period Adjustment	-	10,845
3000 Fund Balance - June 30 (Ending)	\$ 1,395,133	\$ 1,902,776

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2021

	753 Self Insurance Fund	770 Worker's Compensation Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 644,505	\$ 1,335,531	\$ 1,980,036
Total Assets	<u>644,505</u>	<u>1,335,531</u>	<u>1,980,036</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	3,517	-	3,517
Accrued Expenses	<u>409,840</u>	<u>214,545</u>	<u>624,385</u>
Total Liabilities	<u>413,357</u>	<u>214,545</u>	<u>627,902</u>
NET POSITION			
Unrestricted Net Position	<u>231,148</u>	<u>1,120,986</u>	<u>1,352,134</u>
Total Net Position	<u>\$ 231,148</u>	<u>\$ 1,120,986</u>	<u>\$ 1,352,134</u>

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	753 Self Insurance Fund	770 Worker's Compensation Fund	Total Internal Service Funds
OPERATING REVENUES:			
Interfund Services Provided	\$ 4,343,930	\$ 270,571	\$ 4,614,501
Total Operating Revenues	4,343,930	270,571	4,614,501
OPERATING EXPENSES:			
Professional and Contracted Services	3,588,402	195,158	3,783,560
Other Operating Costs	808,823	-	808,823
Total Operating Expenses	4,397,225	195,158	4,592,383
Operating Income (Loss)	(53,295)	75,413	22,118
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments	267	1,977	2,244
Total Nonoperating Revenues (Expenses)	267	1,977	2,244
Income (Loss) Before Transfers	(53,028)	77,390	24,362
Transfer In	1,500,000	-	1,500,000
Change in Net Position	1,446,972	77,390	1,524,362
Total Net Position - July 1 (Beginning)	(1,215,824)	1,043,596	(172,228)
Total Net Position - June 30 (Ending)	\$ 231,148	\$ 1,120,986	\$ 1,352,134

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	753 Self Insurance Fund	770 Worker's Compensation Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Assessments - Other Funds	\$ 4,343,930	\$ 270,571	\$ 4,614,501
Cash Payments for Insurance Claims	<u>(5,220,887)</u>	<u>(198,231)</u>	<u>(5,419,118)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(876,957)</u>	<u>72,340</u>	<u>(804,617)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Operating Transfer In	1,500,000	-	1,500,000
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	267	1,977	2,244
Net Increase in Cash and Cash Equivalents	623,310	74,317	697,627
Cash and Cash Equivalents at Beginning of Year	<u>21,195</u>	<u>1,261,214</u>	<u>1,282,409</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 644,505</u></u>	<u><u>\$ 1,335,531</u></u>	<u><u>\$ 1,980,036</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss):	\$ (53,295)	\$ 75,413	\$ 22,118
Effect of Increases and Decreases in Current Assets and Liabilities:			
Increase (decrease) in Accounts Payable	3,517	-	3,517
Increase (decrease) in Accrued Expenses	25,906	(3,073)	22,833
Increase (decrease) in Due to Other Funds	<u>(853,085)</u>	<u>-</u>	<u>(853,085)</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (876,957)</u></u>	<u><u>\$ 72,340</u></u>	<u><u>\$ (804,617)</u></u>

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**OTHER INFORMATION - REQUIRED TEA SCHEDULES
(UNAUDITED)**

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.108900	0.051800	168,774,812
2014	1.108956	0.051800	180,702,875
2015	1.108956	0.051800	194,856,853
2016	1.108900	0.125800	186,540,452
2017	1.108900	0.137400	210,752,050
2018	1.108900	0.117400	216,513,904
2019	1.108900	0.117400	530,945,992
2020	1.028700	0.117400	240,481,080
2021 (School year under audit)	1.015100	0.154900	250,064,698
1000 TOTALS			

(10) Beginning Balance 7/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
\$ 188,910	\$ -	\$ 4,870	\$ 248	\$ (20,594)	\$ 163,198
17,249	-	1,622	76	-	15,551
21,619	-	2,882	135	-	18,602
31,278	-	5,155	241	-	25,882
35,624	-	9,724	1,103	(1,624)	23,173
51,149	-	17,488	2,167	(1,664)	29,830
67,034	-	24,615	2,606	(427)	39,386
92,903	-	32,855	3,478	(1,880)	54,690
195,924	-	98,682	11,262	(8,495)	77,485
-	2,925,757	2,392,380	365,067	-	168,310
<u>\$ 701,690</u>	<u>\$ 2,925,757</u>	<u>\$ 2,590,273</u>	<u>\$ 386,383</u>	<u>\$ (34,684)</u>	<u>\$ 616,107</u>

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 190,000	\$ 190,000	\$ 1,980	\$ (188,020)
5800 State Program Revenues	77,000	81,365	72,372	(8,993)
5900 Federal Program Revenues	3,522,324	3,522,324	497,914	(3,024,410)
5020 Total Revenues	3,789,324	3,793,689	572,266	(3,221,423)
EXPENDITURES:				
Current:				
0035 Food Services	3,789,324	3,793,689	1,790,341	2,003,348
6030 Total Expenditures	3,789,324	3,793,689	1,790,341	2,003,348
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(1,218,075)	(1,218,075)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	1,300,000	1,300,000	-
1200 Net Change in Fund Balances	-	1,300,000	81,925	(1,218,075)
0100 Fund Balance - July 1 (Beginning)	353,914	353,914	353,914	-
3000 Fund Balance - June 30 (Ending)	\$ 353,914	\$ 1,653,914	\$ 435,839	\$ (1,218,075)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 342,891	\$ 342,891	\$ 398,329	\$ 55,438
5800 State Program Revenues	1,048,684	1,048,684	1,067,722	19,038
5020 Total Revenues	1,391,575	1,391,575	1,466,051	74,476
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	580,000	580,000	580,000	-
0072 Interest on Long-Term Debt	1,096,900	1,096,900	1,096,900	-
0073 Bond Issuance Cost and Fees	1,000	1,000	400	600
6030 Total Expenditures	1,677,900	1,677,900	1,677,300	600
1200 Net Change in Fund Balances	(286,325)	(286,325)	(211,249)	75,076
0100 Fund Balance - July 1 (Beginning)	450,598	450,598	450,598	-
3000 Fund Balance - June 30 (Ending)	\$ 164,273	\$ 164,273	\$ 239,349	\$ 75,076

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FEDERAL AWARDS SECTION

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INDEPENDENT AUDITOR'S 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
San Elizario Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Elizario Independent School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise San Elizario Independent School District's basic financial statements, and have issued our report thereon dated November 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Elizario 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 of the effectiveness of San Elizario Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of San Elizario Independent School 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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Elizario 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*.

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.

Gibson Ruddock Patterson LLC

Gibson Ruddock Patterson LLC
El Paso, Texas
November 3, 2021

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

To the Board of Trustees
San Elizario Independent School District

Report on Compliance for Each Major Federal Program

We have audited San Elizario Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of San Elizario Independent School District's major federal programs for the year ended June 30, 2021. San Elizario Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, San Elizario Independent School 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, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Gibson Ruddock Patterson LLC

Gibson Ruddock Patterson LLC
El Paso, Texas
November 3, 2021

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Were significant deficiencies in internal control disclosed?

None reported

Were material weaknesses in internal control disclosed?

No

Was any noncompliance disclosed that is material to the financial statements of the auditee, which would be required to be reported in accordance with Government Auditing Standards?

No

Federal Awards

Internal control over major federal award programs:

Were significant deficiencies in internal control over major programs disclosed?

None reported

Were material weaknesses in internal control over major programs disclosed?

No

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Were there any audit findings that the auditor is required to disclose under Title 2 CFR 200.516 Audit findings paragraph (a)?

No

Major Programs:

ESEA, Title I, Part A Assistance Listing No. 84.010A

**Elementary And Secondary School
Emergency Relief Fund (ESSER)
Assistance Listing No. 84.425D**

**Coronavirus Relief Fund Assistance
Listing No. 21.019**

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Did auditee qualified as low-risk auditee under 2 CFR 200.520 Criteria for a low-risk auditee?

Yes

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

There were no current year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current findings or questioned costs.

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARD FINDING AND QUESTIONED COSTS

There were no prior year findings or questioned costs.

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
Navy JROTC	12.000	N/A	\$ 68,458
Total Direct Programs			68,458
TOTAL U.S. DEPARTMENT OF DEFENSE			68,458
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101071904	202,189
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101071904	1,944,864
Total Assistance Listing Number 84.010A			2,147,053
ESEA, Title I, Part C - Migratory Children	84.011	20615001071904	31,671
ESEA, Title I, Part C - Migratory Children	84.011	21615001071904	24,748
Total Assistance Listing Number 84.011			56,419
*IDEA - Part B, Formula	84.027	206600010719046000	90,251
*IDEA - Part B, Formula	84.027	216600010719046000	539,690
Total Assistance Listing Number 84.027			629,941
*IDEA - Part B, Preschool	84.173	206610010719046000	284
*IDEA - Part B, Preschool	84.173	216610010719046000	8,597
Total Assistance Listing Number 84.173			8,881
Total Special Education Cluster (IDEA)			638,822
ESEA, Title X, Part C -Homeless Children	84.196	204600057110063	2,229
ESEA, Title X, Part C -Homeless Children	84.196	214600057110063	18,586
Total Assistance Listing Number 84.196			20,815
Title III, Part A - English Language Acquisition	84.365A	20671001071904	25,078
Title III, Part A - English Language Acquisition	84.365A	21671001071904	175,760
Total Assistance Listing Number 84.365A			200,838
ESEA, Title II, Part A, Teacher Principal Training	84.367A	20694501071904	6,483
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21694501071904	200,341
Total Assistance Listing Number 84.367A			206,824
Instructional Continuity Grant	84.377A	17610740071904	10,083
Title III, Summer School LEP	84.369	69551702 & 69551802	649
Title III, Summer School LEP	84.369	69551702 & 69551802	10,917
Total Assistance Listing Number 84.369			11,566
Title IV, Part A - Subpart 1	84.424A	20680101071904	15,154
Title IV, Part A - Subpart 1	84.424A	21680101071904	147,796
Total Assistance Listing Number 84.424A			162,950
Career and Technical - Basic Grant	84.048	214200006071904	45,182
COVID-19 - Education Stabilization Fund (ESSER)	84.425D	20521001071904	1,638,425
Total Passed Through State Department of Education			5,138,977

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
TOTAL U.S. DEPARTMENT OF EDUCATION			5,138,977
U.S. DEPARTMENT OF THE TREASURY			
<u>Passed Through State Department of the Treasury</u>			
COVID-19 - Coronavirus Relief Fund - CARES Act	21.019	52202002	240,682
Total Passed Through State Department of the Treasury			240,682
TOTAL U.S. DEPARTMENT OF THE TREASURY			240,682
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
**School Breakfast Program	10.553	806780706	53,637
**National School Lunch Program - Cash Assistance	10.555	806780706	88,470
**COVID-19 - USDA Emergency Operational Cost Reimb	10.555	806780706	248,218
**National School Lunch Prog - Non-Cash Assistance	10.555	806780706	197,073
Total Assistance Listing Number 10.555			533,761
**Summer Feeding Program - Cash Assistance	10.559	806780706	1,546,454
Total Child Nutrition Cluster			2,133,852
Fresh Fruit Vegetable Program	10.582	806780706	98,995
Total Passed Through the State Department of Agriculture			2,232,847
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,232,847
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,680,964

*, **Clustered Programs

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

1. BASIS OF ACCOUNTING

The District accounts for all awards under federal programs in the general fund or a special revenue fund in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or committed for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in a special revenue fund. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount. For the year ended June 30, 2021, the District predominately accounted for federal grant funds in special revenue funds, with the exception of the National School Lunch and Breakfast Program, Fresh Fruit and Vegetable Program, SHARS, Navy JROTC, and indirect costs, which were accounted for in the general fund.

These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, deferred outflow of resources, current liabilities, and deferred inflow of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When grant funds are received before expenditures are made, they are recorded as unearned revenues until earned. Due to the nature of the reporting process for the SHARS program, the District recognizes SHARS revenue upon receipt of the reimbursement notice from federal government.

2. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal activity of the District under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

2. BASIS OF PRESENTATION (Continued)

Period of Performance - The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, Part 3, OMB Compliance Supplement - July 2021.

Matching - To assist local education agencies in meeting match requirements for the Texas Education Agency/Region 4 Bulk-order Local Match Reimbursement, the El Paso County, Texas matched a total of \$60,171 for the District for the Coronavirus Relief Grant, Assistance Listing No. 21.019.

Program Income - The Child Nutrition Cluster generated program income in the amount of \$10,261 for the year ended June 30, 2021.

3. INDIRECT COST RATE

The District did not elect to use the 10% de minimis indirect cost rate but used the indirect cost rate assigned by Texas Education Agency.

The District accounted for federally funded indirect costs in the General Fund as follows:

Program Title	Assistance Listing No.	Amount
Summer Food Service Program	10.559	\$ 19,961
National School Lunch Program	10.555	188,479
Total Indirect Cost - Child Nutrition Cluster Program		208,440
ESEA, Title I, Part A - Improving Basic Programs	84.010A	108,988
ESEA, Title IV, Part A - Student Support and Acade.	84.424A	8,219
ESEA, Title I, Part C - Migratory Children	84.011	2,891
ESEA Title I - Instructional Continuity Grant	84.377A	211
IDEA - Part B, Formula	84.027	33,521
Career and Technical Education - Basic Grants to States	84.048	2,047
IDEA - Part B, Preschool	84.173	309
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	10,398
ESSER Grant	84.425D	178,275
Title III, Part A - English Language Acquisition	84.365A	3,485
Title X, Part C - Homeless Children	84.196	995
Total Indirect Cost - Other		349,339
Total Indirect Costs		\$ 557,779

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

4. RECONCILIATIONS

Of the federal expenditures presented in schedule K-1, the District accounted for certain funds in the General Fund as follows:

Program Title	Assistance Listing No.	Amount
School Breakfast Program	10.553	\$ 53,637
National School Lunch Program - Cash Assistance	10.555	435,683
National School Lunch Prog. - Non-Cash Assistance	10.555	197,073
Summer Food Service Program	10.559	19,961
Indirect Costs - Other	84.XXX	349,339
Navy JROTC	12.000	68,458
		1,124,151
Reimbursement for prior year expenditures - TDEM		105,847
SHARS (not included in Exhibit K-1)		492,741
Total General Fund federal revenue per Exhibit C-3		<u><u>\$ 1,722,739</u></u>

The total federal revenue presented on schedule K-1 can be reconciled to Exhibit C-3 as follows:

Expenditures of federal awards per Exhibit K-1	\$ 7,680,964
Reimbursement for prior year expenditures - TDEM	105,847
School Health and Related Services (SHARS) reimbursements	492,741
Total federal revenue per Exhibit C-3	<u><u>\$ 8,279,552</u></u>