

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, at a meeting of the board of trustees of such school district on the 8th day of November 2023.

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Elizario Independent School District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in Note I to the financial statements, in 2023, San Elizario Independent School District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, pension and other postemployment benefits information on pages 9 through 20 and 83 through 96 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Gibson Ruddock Patterson LLC

Gibson Ruddock Patterson LLC
El Paso, Texas
October 31, 2023

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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.

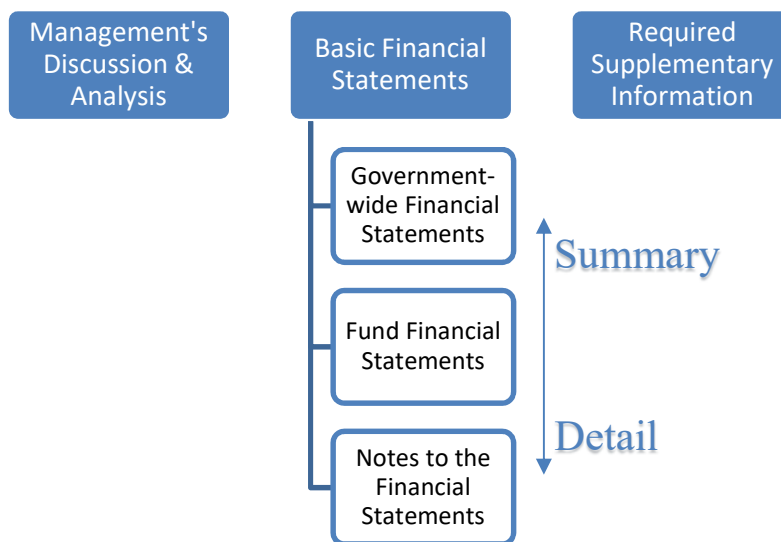
Legal Requirements for Audit

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, 2023 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, 2023. Please read it in conjunction with the independent auditor's report and the District's Basic Financial Statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year ended June 30, 2023 with a total ending net position \$7.1 million, which was an increase from \$6.0 million the prior year. (Exhibit A-1)
- The total fund balance for all the governmental funds at the close of the fiscal year was \$18.6 million, which was an increase from \$17.2 million in the prior year. Of that \$18.6 million, \$17.6 million is accounted for in the general fund. (Exhibit C-1)
- Revenues exceeded expenditures in the general fund by approximately \$1.1 million (Exhibit C-3). Of that amount, \$0.2 million was part of the child nutrition program which is accounted for in the general fund (Exhibit J-2)
- The total net position for the proprietary funds was \$0.8 million at the close of the fiscal year with negative \$200 thousand being accounted for in the health insurance fund and \$1.0 million being accounted for in the worker's compensation fund. (Exhibit D-2 & Exhibit H-4)
- The General Fund actual revenues of \$39.4 million represent approximately 94.91% of the amended revenues of \$41.5 million, while actual expenditures of \$38.3 million represent approximately 91.29% of the amended expenditures of \$41.9 million. (Exhibit G-1)
- There were no current year financial statement findings and no current findings or questioned costs for federal awards. (Schedule of Findings and Questioned Costs)
- 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)
- The District's 2022-23 FIRST rating based on fiscal year 2021-22 data was an 'A = Superior' with a score of 100 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 high school 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)
- Use of Funds Report – Select State Allotment (Exhibit J-4)

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 \$1,115,438 which increased the total net position from \$6,022,367 to an ending total net position of \$7,137,805 as shown on the Statement of Net Position (Exhibit A-1 & Exhibit B-1).

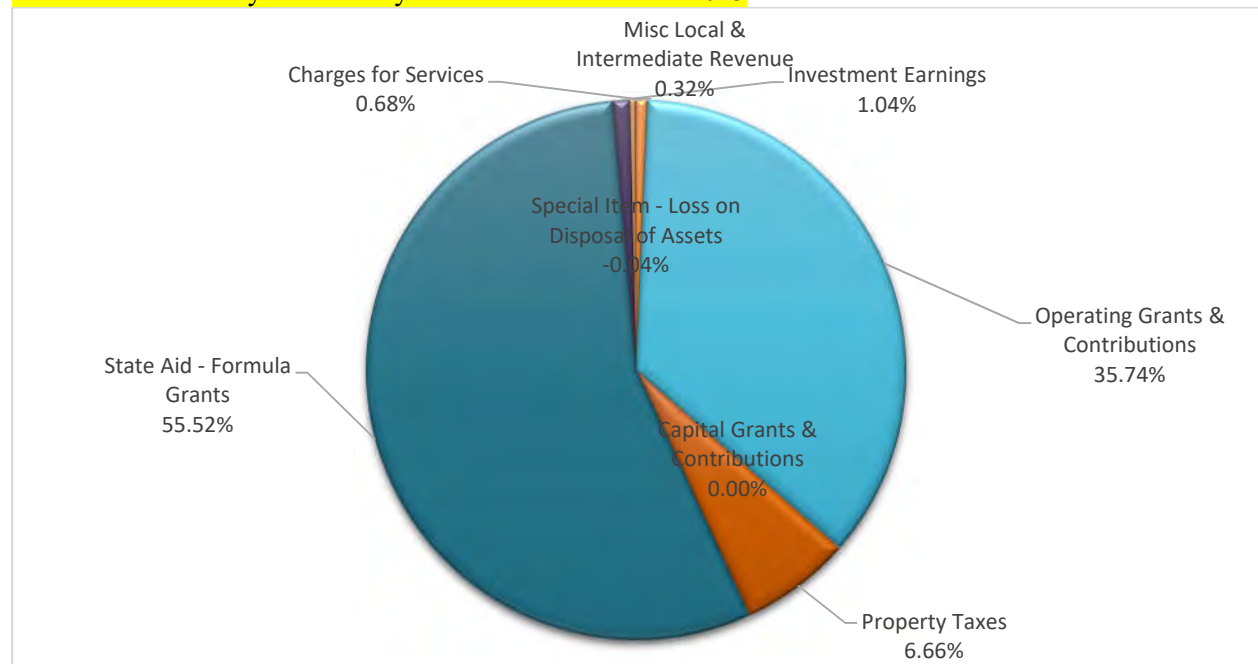
The following tables show the District's net position and changes in net position:

Table A-1 The District's Net Position (<i>in thousands</i>)	Governmental Activities	
	2023	2022
Assets		
Cash and Cash Equivalents	15,363	14,637
Property Taxes – Delinquent	682	676
Allowance for Uncollectible Taxes	(62)	(62)
Due from Other Governments	7,432	6,882
Accrued Interest	0	1
Due from Fiduciary Funds	0	0
Other Receivables	14	9
Inventories	248	212
Prepayments	0	0
Capital Assets:		
Land and Land Improvements, Net	4,695	4,773
Buildings and Improvements, Net	36,359	38,282
Furniture and Equipment, Net	1,392	1,241
Vehicles, Net	948	1,234
Right-to-Use Lease Assets, Net	252	87
SBITA assets, Net	100	0
Library Books and Media, Net	28	28
Construction in Progress	374	88
<i>Total Assets</i>	<u>67,826</u>	<u>68,086</u>
Deferred Outflows of Resources		
Deferred Charge for Refunding	360	396
Deferred Outflow Related to TRS OPEB	6,206	2,190
Deferred Outflow Related to TRS Pension	3,174	2,676
<i>Total Deferred Outflows of Resources</i>	<u>9,739</u>	<u>5,262</u>
Liabilities		
Accounts Payable	549	379
Payroll Deductions and Withholdings	370	299
Accrued Wages Payable	1,851	1,781
Due to Fiduciary Funds	5	1
Due to Other Governments	44	3
Accrued Expenses	879	940
Unearned Revenue	80	74
Noncurrent liabilities:		
Due Within One Year	2,804	2,685
Due in More Than One Year	26,778	27,182
Net Pension Liability (District's Share)	13,570	5,092
Net OPEB Liability (District's Share)	7,223	10,793
<i>Total Liabilities</i>	<u>54,154</u>	<u>49,228</u>
Deferred Inflows of Resources		
Deferred Inflow Related to TRS OPEB	2,335	7,235
Deferred Inflow Related to TRS Pension	13,938	10,861
<i>Total Deferred Inflows of Resources</i>	<u>16,273</u>	<u>18,097</u>
Net Position		
Net Investment in Capital Assets	17,808	19,009
Restricted for Federal and State Programs	1,406	1,218
Restricted for Debt Service	275	209
Restricted for Campus Activities	153	126
Restricted for Scholarships	4	4
Unrestricted	(12,509)	(14,544)
<i>Total Net Position</i>	<u>7,138</u>	<u>6,022</u>

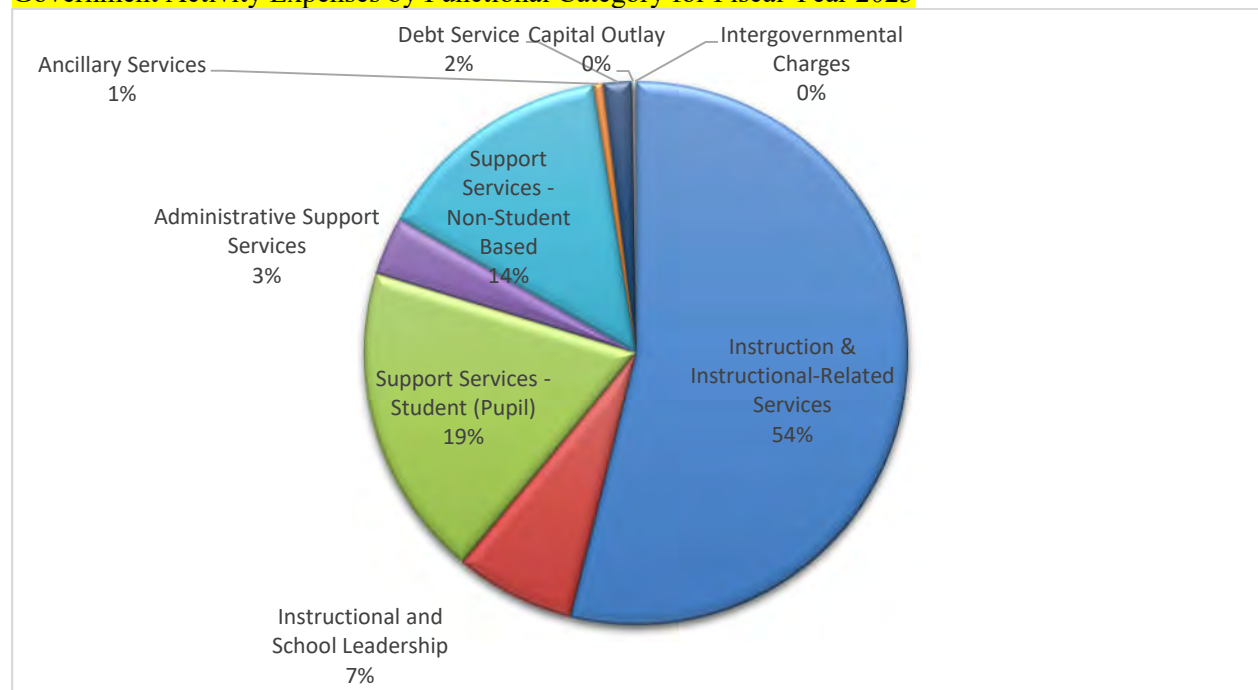
Table B-1 Changes in Net Position (<i>in thousands</i>)	Governmental Activities	
	2023	2022
Revenues		
Program Revenues:		
Charges for Services	347	278
Operating Grants & Contributions	18,306	14,764
Capital Grants & Contributions	0	0
General Revenues:		
Property Taxes	3,412	3,182
State Aid – Formula Grants	28,432	29,616
Investment Earnings	532	41
Misc. Local & Intermediate Revenue	163	106
Special Item – Gain on Disposal of Assets	(22)	21
<i>Total Revenues</i>	<u>51,170</u>	<u>48,009</u>
Expenses		
Instruction & Instructional-Related Services	26,969	24,500
Instructional & School Leadership	3,579	3,100
Support Services – Student (Pupil)	9,363	7,658
Administrative Support Services	1,724	1,566
Support Services – Non-Student Based	7,250	7,503
Ancillary Services	290	272
Debt Service	835	1,499
Intergovernmental Charges	44	40
<i>Total Expenses</i>	<u>50,054</u>	<u>46,138</u>
Increase (decrease) in net position	1,115	1,871
Net position, beginning of year	6,022	4,151
Net position, end of year	<u>7,138</u>	<u>6,022</u>

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

Government Activity Revenue by Source for Fiscal Year 2023



Government Activity Expenses by Functional Category for Fiscal Year 2023



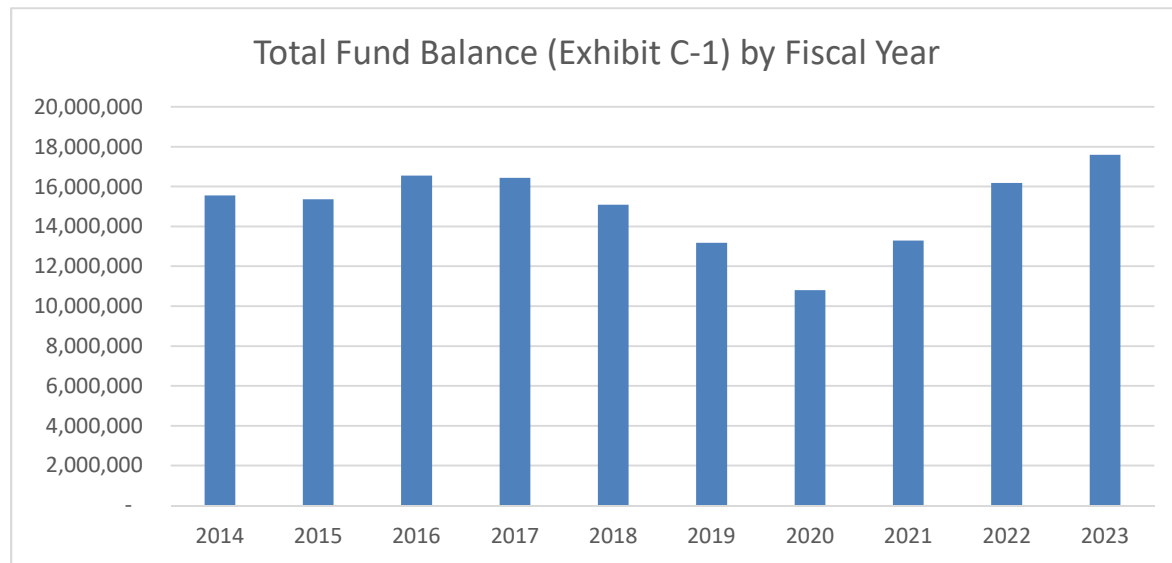
Fund Financial Statement Analysis

Governmental Funds

The General Fund

The District's total fund balance for the General Fund (Exhibit C-1) is \$17,601,593 for the year ended 2023 and \$16,175,025 for the year ended 2022, representing an increase of \$1,426,568 due to the following as noted on Exhibit C-3:

- Revenues exceeded expenditures by \$1,105,921
- Sale of real and personal property worth \$27,011
- Proceeds of Right-to-Use Lease of \$251,611
- Proceeds of SBITAs and Other Resources \$42,025



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. Revenues exceeded expenditures in fund 101 by \$187,674 (Exhibit J-2), while there was no activity in fund 242 (Exhibit H-2). The program ended with a combined fund balance of \$1,406,100 for 2023 compared to a combined fund balance of \$1,218,094 in 2022.

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 2023-24 fiscal year, the District adopted a \$43,684,219 general fund budget that included \$4,060,000 worth of food service expenditures (function 35). The true general fund budget excluding these food service expenditures is \$39,624,219. The calculation for the recommended fund balance estimate of a three-month average of operating expenditures is calculated as follows:

- $\$39,624,219 \text{ (budget)} / 12 \text{ (months)} \times 3 \text{ (months for recommended guideline)} = \$9,906,055$
- The unassigned fund balance in 2023 was \$13,105,368 (Exhibit C-1)

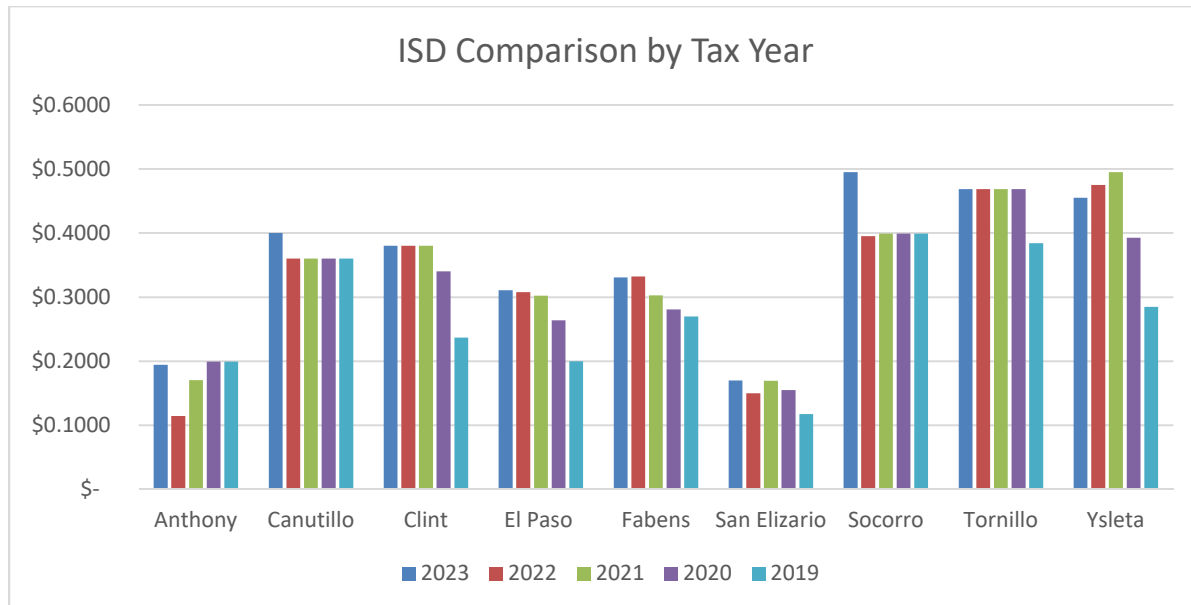
ESSER II and ESSER III Funds – The District spent \$2.1M of the ESSER II grant in FY 2022 and another \$4M for the year ended June 30, 2023. The majority of this grant was for teacher retention and new student furniture. The grant ended September 30, 2023. The ESSER III grant budget includes funds for loss of learning and technology integration expenditures. In FY 2022, the District spent \$3.7M and another \$3.7M in FY 2023. The ESSER III grant ends September 30, 2024.

Debt Service Fund

The ending fund balance in the District's Debt Service fund (Exhibit J-3) was \$349,327 for 2023, which was an increase from \$294,128 at the end of the prior fiscal year of 2022.

Debt Administration

At the end of the fiscal year, the District had approximately \$24.3 million outstanding in bonds payable, which is a decrease from the \$25.1 million outstanding from the previous year. Additional information regarding bonds payable can be found under Note H, 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 \$89.6 million from the \$88.9 million at the end of the prior year. Current year additions included playground equipment, cafeteria equipment, and additional construction in progress. 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.

Capital Projects Fund

The ending fund balance for capital acquisition in the District's Capital Projects fund was \$373,934 (Exhibit H-1). 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 decreased to \$792,915 for 2023 from \$1,130,457 in 2022. The District has two internal service funds, one for Self Insurance and one for Worker's Compensation. The Worker's Compensation Fund had an operating loss of \$103,200 and the Self-Insurance Fund had an operating loss of \$284,508 (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 \$40,794,958 on June 20, 2022. Over the course of the year, the District revised its general fund budget for several reasons to include:

- Transferring funds across function codes to properly account for expenditures in the correct functional area.
- Increase appropriations for the various renovation projects to include funds for the Fernie Madrid Eagle Park.
- Transferring funds across function codes to implement GASB 96 for SBITAs.

The final amended budget at the end of the fiscal year was \$41,998,430

Economic Factors and Next Year's Budgets and Tax Rates

The 2023-24 budget was legally adopted by the Board of Trustees on June 21, 2023. 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. 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 2023-24 (tax year 2023) fiscal year was based on a Maintenance & Operations tax rate of \$0.7219 and an Interest & Sinking tax rate of \$0.1697 per \$100 of assessed valuation of property for a total rate of \$0.8916 compared to a total tax rate of \$1.053 in the 2022-23 (tax year 2022) fiscal year.

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

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 15,362,959
1220 Property Taxes - Delinquent	681,538
1230 Allowance for Uncollectible Taxes	(61,777)
1240 Due from Other Governments	7,431,826
1250 Accrued Interest	334
1290 Other Receivables, Net	14,389
1300 Inventories	248,140
Capital Assets:	
1510 Land and Improvements, Net	4,695,111
1520 Buildings and Improvements, Net	36,358,749
1530 Furniture and Equipment, Net	1,391,832
1540 Vehicles, Net	948,487
1550 Right-to-Use Lease Assets, Net	251,611
1553 SBITA Assets, Net	100,464
1560 Library Books and Media, Net	28,455
1580 Construction in Progress	373,987
1000 Total Assets	<u>67,826,105</u>
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	359,675
1705 Deferred Outflow Related to TRS Pension	6,205,862
1706 Deferred Outflow Related to TRS OPEB	3,173,682
1700 Total Deferred Outflows of Resources	<u>9,739,219</u>
LIABILITIES	
2110 Accounts Payable	549,085
2150 Payroll Deductions and Withholdings	370,403
2160 Accrued Wages Payable	1,851,015
2177 Due to Fiduciary Funds	5,460
2180 Due to Other Governments	44,474
2200 Accrued Expenses	878,917
2300 Unearned Revenue	79,887
Noncurrent Liabilities:	
2501 Due Within One Year: Bonds, Leases, SBITAs etc.	2,804,170
Due in More than One Year:	
2502 Bonds, Leases, SBITAs etc.	26,777,722
2540 Net Pension Liability (District's Share)	13,570,221
2545 Net OPEB Liability (District's Share)	7,223,016
2000 Total Liabilities	<u>54,154,370</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	2,335,084
2606 Deferred Inflow Related to TRS OPEB	13,938,065
2600 Total Deferred Inflows of Resources	<u>16,273,149</u>
NET POSITION	
3200 Net Investment in Capital Assets	17,807,938
Restricted:	
3820 Restricted for Federal and State Programs	1,406,100
3850 Restricted for Debt Service	275,483
3870 Restricted for Campus Activities	153,109
3880 Restricted for Scholarships	4,254
3900 Unrestricted	(12,509,079)
3000 Total Net Position	<u>\$ 7,137,805</u>

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, 2023

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for	Operating	6
	Expenses	Services	Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 24,986,717	\$ 5,719	\$ 7,384,947	\$ (17,596,051)
12 Instructional Resources and Media Services	484,085	1,906	424,347	(57,832)
13 Curriculum and Instructional Staff Development	1,497,802	4,751	1,400,663	(92,388)
21 Instructional Leadership	933,948	-	144,412	(789,536)
23 School Leadership	2,644,967	10,676	417,926	(2,216,365)
31 Guidance, Counseling, and Evaluation Services	1,620,619	-	465,672	(1,154,947)
32 Social Work Services	201,668	-	154,001	(47,667)
33 Health Services	573,152	-	579,661	6,509
34 Student (Pupil) Transportation	1,639,241	-	155,192	(1,484,049)
35 Food Services	3,678,342	158,493	3,733,607	213,758
36 Extracurricular Activities	1,650,380	152,706	98,201	(1,399,473)
41 General Administration	1,724,406	7,324	1,480,173	(236,909)
51 Facilities Maintenance and Operations	4,897,520	5,517	292,338	(4,599,665)
52 Security and Monitoring Services	1,045,542	-	122,613	(922,929)
53 Data Processing Services	1,306,900	-	22,966	(1,283,934)
61 Community Services	290,430	-	278,703	(11,727)
72 Debt Service - Interest on Long-Term Debt	833,613	-	1,150,391	316,778
73 Debt Service - Bond Issuance Cost and Fees	1,000	-	-	(1,000)
99 Other Intergovernmental Charges	43,827	-	-	(43,827)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 50,054,159	\$ 347,092	\$ 18,305,813	(31,401,254)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			2,960,492
DT	Property Taxes, Levied for Debt Service			451,798
SF	State Aid - Formula Grants			28,431,811
IE	Investment Earnings			531,796
MI	Miscellaneous Local and Intermediate Revenue			163,000
S1	Special Item - Loss on Disposal of Assets			(22,205)
TR	Total General Revenues and Special Items			32,516,692
CN	Change in Net Position			1,115,438
NB	Net Position - Beginning			6,022,367
NE	Net Position - Ending			\$ 7,137,805

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes	General Fund	ESSER II - School Emerg. Relief	ESSER III - School Emerg. Relief
ASSETS			
1110 Cash and Cash Equivalents	\$ 13,132,962	\$ -	\$ -
1220 Property Taxes - Delinquent	604,519	-	-
1230 Allowance for Uncollectible Taxes	(54,948)	-	-
1240 Due from Other Governments	3,523,513	1,362,246	1,291,095
1250 Accrued Interest	334	-	-
1260 Due from Other Funds	3,368,511	-	-
1290 Other Receivables	14,389	-	-
1300 Inventories	248,140	-	-
1000 Total Assets	<u>\$ 20,837,420</u>	<u>\$ 1,362,246</u>	<u>\$ 1,291,095</u>
LIABILITIES			
2110 Accounts Payable	\$ 522,244	\$ 1,094	\$ 867
2150 Payroll Deductions and Withholdings Payable	370,403	-	-
2160 Accrued Wages Payable	1,336,205	65,939	308,510
2170 Due to Other Funds	320,628	1,295,213	981,718
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	82,914	-	-
2300 Unearned Revenue	53,862	-	-
2000 Total Liabilities	<u>2,686,256</u>	<u>1,362,246</u>	<u>1,291,095</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	549,571	-	-
2600 Total Deferred Inflows of Resources	<u>549,571</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	207,983	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	1,183,046	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-
3480 Retirement of Long-Term Debt	-	-	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3510 Construction	305,196	-	-
3545 Other Committed Fund Balance	2,800,000	-	-
3600 Unassigned Fund Balance	13,105,368	-	-
3000 Total Fund Balances	<u>17,601,593</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 20,837,420</u>	<u>\$ 1,362,246</u>	<u>\$ 1,291,095</u>

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

Other Funds		Total Governmental Funds	
\$	785,114	\$	13,918,076
	77,019		681,538
	(6,829)		(61,777)
	1,254,972		7,431,826
	-		334
	315,168		3,683,679
	-		14,389
	-		248,140
\$	2,425,444	\$	25,916,205
\$	24,878	\$	549,083
	-		370,403
	140,361		1,851,015
	1,091,580		3,689,139
	44,474		44,474
	-		82,914
	26,025		79,887
	1,327,318		6,666,915
	70,191		619,762
	70,191		619,762
	-		207,983
	147,311		1,330,357
	373,934		373,934
	349,327		349,327
	157,363		157,363
	-		305,196
	-		2,800,000
	-		13,105,368
	1,027,935		18,629,528
\$	2,425,444	\$	25,916,205

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SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 18,629,528
1 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.	792,915
2 Capital assets, Right-to-Use Lease Assets and SBITAs 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 \$89,186,383 and the accumulated depreciation was (\$43,409,655). In addition, long-term liabilities, including bonds payable, 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.	16,261,100
3 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 capital outlays and debt principal payments is to increase net position. Similarly, the principal payments on Right-to-Use Lease Assets and SBITA Assets are not expenses, rather they are decreases in the Right-to-Use Lease Liabilities and the SBITA Liabilities. These payments must be reclassified and shown as reductions to these liabilities increasing net position.	1,137,028
4 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 \$6,205,862, a deferred resource inflow in the amount of \$2,335,084, and a net pension liability in the amount of \$13,570,221. This resulted in a decrease in net position.	(9,699,443)
5 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 \$3,173,682, a deferred resource inflow in the amount of \$13,938,065, and a net OPEB liability in the amount of \$7,223,016. This resulted in a decrease in net position.	(17,987,399)
6 The 2023 depreciation and amortization expense increases accumulated depreciation and amortization. The net effect of the current year's depreciation and amortization is to decrease net position.	(2,747,280)
7 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.	751,356
19 Net Position of Governmental Activities	\$ 7,137,805

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, 2023

Data Control Codes	General Fund	ESSER II - School Emerg. Relief	ESSER III - School Emerg. Relief
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 3,757,570	\$ -	\$ -
5800 State Program Revenues	30,182,582	-	-
5900 Federal Program Revenues	5,506,593	4,065,378	3,704,299
5020 Total Revenues	39,446,745	4,065,378	3,704,299
EXPENDITURES:			
Current:			
0011 Instruction	17,913,556	3,288,165	2,101,248
0012 Instructional Resources and Media Services	70,467	32,971	347,542
0013 Curriculum and Instructional Staff Development	211,417	38,107	42,137
0021 Instructional Leadership	842,907	13,185	84,943
0023 School Leadership	2,287,273	141,305	244,934
0031 Guidance, Counseling, and Evaluation Services	1,197,341	49,720	352,944
0032 Social Work Services	52,893	4,044	148,368
0033 Health Services	445,087	28,523	60,690
0034 Student (Pupil) Transportation	1,324,044	39,282	101,715
0035 Food Services	3,710,817	52,095	52,789
0036 Extracurricular Activities	1,271,821	88,179	1,777
0041 General Administration	1,744,048	20,425	-
0051 Facilities Maintenance and Operations	4,492,246	133,949	44,530
0052 Security and Monitoring Services	923,547	96,238	-
0053 Data Processing Services	1,215,364	12,273	-
0061 Community Services	30,700	26,917	120,682
Debt Service:			
0071 Principal on Long-Term Liabilities	122,945	-	-
0072 Interest on Long-Term Liabilities	2,998	-	-
0073 Bond Issuance Cost and Fees	-	-	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	437,526	-	-
Intergovernmental:			
0099 Other Intergovernmental Charges	43,827	-	-
6030 Total Expenditures	38,340,824	4,065,378	3,704,299
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,105,921	-	-
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	27,011	-	-
7913 Proceeds of Right-to-Use Lease	251,611	-	-
7949 Proceeds of SBITAs and Other Resources	42,025	-	-
7080 Total Other Financing Sources (Uses)	320,647	-	-
1200 Net Change in Fund Balances	1,426,568	-	-
0100 Fund Balance - July 1 (Beginning)	16,175,025	-	-
3000 Fund Balance - June 30 (Ending)	\$ 17,601,593	\$ -	\$ -

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

Other Funds		Total Governmental Funds	
\$	690,874	\$	4,448,444
	1,234,688		31,417,270
	3,334,229		16,610,499
	5,259,791		52,476,213
	1,697,794		25,000,763
	42,606		493,586
	1,304,993		1,596,654
	34,182		975,217
	8,644		2,682,156
	41,945		1,641,950
	450		205,755
	96,049		630,349
	-		1,465,041
	-		3,815,701
	86,541		1,448,318
	-		1,764,473
	84,200		4,754,925
	40,512		1,060,297
	-		1,227,637
	129,091		307,390
	705,000		827,945
	916,368		919,366
	1,000		1,000
	175,977		613,503
	-		43,827
	5,365,352		51,475,853
	(105,561)		1,000,360
	-		27,011
	-		251,611
	26,425		68,450
	26,425		347,072
	(79,136)		1,347,432
	1,107,071		17,282,096
\$	1,027,935	\$	18,629,528

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, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 1,347,432
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 decrease net position.	(337,542)
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 2023 capital outlays and debt principal payments is to increase the change net position. Similarly, current year principal payments on Right-to-Use Leases and SBITAs are also reclassified as reductions to the Right-To-Use Lease Liability and the SBITA liability which will result in a increase in the change in net position.	1,286,436
Depreciation and amortization 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 and amortization is to decrease the change in net position.	(2,747,280)
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 increase the change in net position.	137,329
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 \$1,110,933. 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 \$867,356. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$291,726. The net result is a decrease in the change in net position.	(48,149)
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 \$238,404. 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 \$201,692. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB increased the change in net position by \$1,440,500.	1,477,212
Change in Net Position of Governmental Activities	\$ 1,115,438

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

PROPRIETARY FUNDS FINANCIAL STATEMENTS

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,444,883
Total Assets	<u>1,444,883</u>
LIABILITIES	
Current Liabilities:	
Accrued Expenses	<u>651,968</u>
Total Liabilities	<u>651,968</u>
NET POSITION	
Unrestricted Net Position	<u>792,915</u>
Total Net Position	<u><u>\$ 792,915</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, 2023

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 4,647,600
Total Operating Revenues	4,647,600
OPERATING EXPENSES:	
Professional and Contracted Services	3,918,204
Other Operating Costs	1,117,104
Total Operating Expenses	5,035,308
Operating Income (Loss)	(387,708)
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	50,166
Total Nonoperating Revenues (Expenses)	50,166
Change in Net Position	(337,542)
Total Net Position - July 1 (Beginning)	1,130,457
Total Net Position - June 30 (Ending)	\$ 792,915

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, 2023

EXHIBIT D-3

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 4,647,600
Cash Payments for Insurance Claims	<u>(5,073,100)</u>
Net Cash Used for Operating Activities	<u>(425,500)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>50,166</u>
Net Decrease in Cash and Cash Equivalents	(375,334)
Cash and Cash Equivalents at Beginning of Year	<u>1,820,217</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,444,883</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (387,708)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accrued Expenses	(37,132)
Increase (decrease) in Due to Other Funds	<u>(660)</u>
Net Cash Used for Operating Activities	<u><u>\$ (425,500)</u></u>

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, 2023

	Custodial Fund
ASSETS	
Due from Other Funds	\$ 5,460
Total Assets	<u>5,460</u>
NET POSITION	
Restricted for Individuals and Organizations	<u>5,460</u>
Total Net Position	<u><u>\$ 5,460</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 NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Fund
ADDITIONS:	
Contributions to Student Groups	\$ 13,079
Total Additions	<u>13,079</u>
DEDUCTIONS:	
Supplies and Materials	628
Other Deductions	<u>15,737</u>
Total Deductions	<u>16,365</u>
Change in Fiduciary Net Position	(3,286)
Total Net Position - July 1 (Beginning)	<u>8,746</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 5,460</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, 2023

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 requires 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, 2023, and are presented in the appropriate capital asset accounts.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023

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, 2023

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, leases and SBITAs, 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 as 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, 2023

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.
2. Elementary Secondary School Emergency Relief (ESSER) II (Special Revenue fund) - The ESSER II fund is used to account for the Coronavirus Response and Relief Supplemental Appropriation Act funds awarded to the District by TEA.
3. American Rescue Plan - Elementary and Secondary School Emergency Relief (ESSER) III (Special Revenue fund) - The ESSER III fund is used to account for the American Rescue Plan Act funds awarded to the District by TEA.

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.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 purpose trust funds. The District's custodial fund is the Student Activity Fund and consists of funds that are the 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.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
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, 2023, the District's investments in LoneStar Investment Pool were rated AAAf and AAAm, and Texas CLASS investments were rated AAAm 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.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. In the government-wide financial statements, long-term debt, right-to-use lease liabilities, subscription based information technology agreements, 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. The right-to-use lease liability is reported in the government wide statements and in proprietary fund statements, if any. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense. Subscription based information technology agreements (SBITA) liability is reported in the government-wide statements and in proprietary fund statements, if any. The subscription liability is calculated as the present value of the subscription payments expected to be made during the subscription term of the agreement and the interest included in the subscription payment is recorded as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, and new right-to-use lease arrangements and new SBITAs, 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. For new right-to-use leases and SBITAs, the initial measurement is reported in governmental fund types as an other source during the current period. Payments are reported as principal and interest payments during the reporting period in the fund level statements.

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.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Capital assets, which include land, buildings, furniture and equipment, and right-to-use assets, 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 (or lease/SBITA term) in excess of one year. Land, building, furniture, and equipment 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.

Right-to-use assets are recorded at the present value of their future payments over the non-cancelable agreement. In a governmental fund, the full amount of the right-to-use asset is reported as an expenditure in the year the agreement is executed.

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 are depreciated using the straight line method over the following estimated useful lives. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. When a lease contains a purchase option the District chooses to exercise, the lease asset is amortized over the useful life of the underlying asset. The amortization expense is combined with depreciation expense for financial reporting purposes. SBITAs are amortized in systematic and rational manner over the shorter of the subscription agreement or the useful life of the underlying asset. The amortization expense is combined with depreciation expense for financial reporting purposes.

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

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and amortization, 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, leasing, 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.

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.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.

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.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
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. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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, right-to-use lease liabilities, SBITA liabilities 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 described as "various other reclassifications and eliminations" is necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This includes recognizing property tax revenue considered available, recognizing accruals of interest on long-term debt, and recognizing internal service fund activity. In addition, certain pension and OPEB expenditures were de-expended, and the District recorded their proportionate share of the pension and OPEB expense. These adjustments are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At June 30, 2023 the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts, including the fiduciary funds' cash, and internal service funds cash) was \$257,822 and the bank balance was \$878,603. The Districts' cash deposits at June 30, 2023 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 \$2,712,500.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$2,623,761 and occurred during the month of November 2022.
- 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, 2023 and, include the following:

	<u>Account Balance</u>
Lone Star Investment Pool	
Government Overnight Fund - amortized cost	\$ 4,179,640
Corporate Overnight Fund - amortized cost	1,687,956
Corporate Overnight Plus Fund - fair value	5,663,371
Texas CLASS - fair value	<u>3,324,170</u>
Total	<u><u>\$ 14,855,137</u></u>

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 and has received the highest rating, that of AAA, from Standard & Poor's as required by the Public Fund's Investment Act. 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. Texas Class issues a publicly available financial report that includes financial statements. The report may be obtained online at www.texasclass.com.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

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, 2023:

	<u>Account Balance</u>
GECU CD	<u>\$ 250,000</u>
Total	<u><u>\$ 250,000</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, 2023, are summarized below.

	General Fund	ESSER II	ESSER III	Non-Major Governmental Funds	Total
Federal Grants	\$ 361,397	\$ 1,362,246	\$ 1,291,095	\$ 1,228,489	\$ 4,243,227
State Entitlements/Grants	3,162,116	-	-	26,483	3,188,599
Total	<u>\$ 3,523,513</u>	<u>\$ 1,362,246</u>	<u>\$ 1,291,095</u>	<u>\$ 1,254,972</u>	<u>\$ 7,431,826</u>

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

C. Interfund Balances

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, 2023 consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
General Fund:		
ESSER II	\$ 1,295,213	\$ -
ESSER III	981,718	-
Non-Major Governmental Funds	1,091,580	315,168
Fiduciary Funds	-	5,460
Total General Fund	<u>3,368,511</u>	<u>320,628</u>
ESSER II		
General Fund	<u>-</u>	<u>1,295,213</u>
ESSER III		
General Fund	<u>-</u>	<u>981,718</u>
Non Major Special Revenue Funds:		
General Fund	<u>315,168</u>	<u>1,091,580</u>
Fiduciary Funds:		
General Fund	<u>5,460</u>	<u>-</u>
Total	<u><u>\$ 3,689,139</u></u>	<u><u>\$ 3,689,139</u></u>

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023, was as follows:

	Primary Government			
	Beginning Balance (Restated)	Additions	Deletions and Reclassifications	Ending Balance
<u>Governmental activities:</u>				
Capital Assets:				
Non-depreciable Assets:				
Land - Non-depreciable	\$ 1,447,573	\$ -	\$ -	\$ 1,447,573
Construction in progress - Non-depreciable	87,509	286,478	-	373,987
Total Non-depreciable Assets	1,535,082	286,478	-	1,821,560
Depreciable Assets:				
Land improvements	3,863,492	53,468	-	3,916,960
Buildings and improvements	74,561,161	-	(95,900)	74,465,261
Furniture and equipment	4,498,597	451,217	(37,702)	4,912,112
Vehicles	4,481,294	14,060	-	4,495,354
Library books and media	28,455	-	-	28,455
Total Depreciable Assets	87,432,999	518,745	(133,602)	87,818,142
Totals at historic cost	88,968,081	805,223	(133,602)	89,639,702
Right-to-Use Lease Assets:				
Equipment	173,010	251,611	-	424,621
Subscription Based Information Technology Agreements (SBITAs)	45,292	111,629	-	156,921
Less accumulated depreciation for:				
Capital Assets:				
Land improvements	(538,318)	(131,104)	-	(669,422)
Buildings and improvements	(36,279,177)	(1,882,863)	55,528	(38,106,512)
Furniture and equipment	(3,258,027)	(291,111)	28,858	(3,520,280)
Vehicles	(3,247,628)	(299,239)	-	(3,546,867)
Total for capital assets	(43,323,150)	(2,604,317)	84,386	(45,843,081)
Less accumulated amortization for:				
Right-to-Use Lease Assets:				
Equipment	(86,505)	(86,505)	-	(173,010)
Subscription Based Information Technology Agreements (SBITAs)	-	(56,457)	-	(56,457)
Capital Assets, net	\$ 45,776,728	\$ (1,578,816)	\$ (49,216)	\$ 44,148,696

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

Depreciation and amortization expense was charged to governmental functions as follows:

Instruction	\$ 1,257,320
Instructional resources and media services	28,346
Curriculum and instructional staff development	50,469
Instructional leadership	30,109
School leadership	149,571
Guidance, counseling and evaluation services	76,712
Social work services	9,433
Health services	46,003
Student (pupil) transportation	243,433
Food services	169,701
Cocurricular/extracurricular activities	240,968
General administration	46,392
Plant maintenance and operations	203,731
Security and monitoring services	55,988
Data processing services	135,574
Community services	3,529
Total depreciation and amortization expense	<u>\$ 2,747,279</u>

E. Unearned Revenue

Unearned revenue at year end consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
State Textbook Fund	\$ -	\$ 23,895	\$ 23,895
Navy JROTC	13,705	-	13,705
Miscellaneous State program	18,595	2,130	20,725
USDA Commodities	21,562	-	21,562
Total Unearned Revenue	<u>\$ 53,862</u>	<u>\$ 26,025</u>	<u>\$ 79,887</u>

F. Deferred Outflows of Resources

Deferred losses on refunding of bonds for the year ended June 30, 2023, presented as deferred outflows of resources, were as follows:

	Beginning Balance	New Issues	Amortization	Ending Balance
Series 2021	\$ 396,212	\$ -	\$ (36,537)	\$ 359,675

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

G. Changes in Long-Term Liabilities

A summary of changes in general long-term liabilities for the year ended June 30, 2023 is as follows:

	Funded by:	Beginning (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
<u>Bonds Payable:</u>						
Unlimited Tax Refunding Bond	Debt Service	\$ 5,485,000	\$ -	\$ 65,000	\$ 5,420,000	\$ 65,000
Unlimited Tax Building Bond	Debt Service	19,580,000	-	640,000	18,940,000	675,000
Total Bonds Payable		25,065,000	-	705,000	24,360,000	740,000
<u>Right-to-Use Lease Arrangements</u>						
Copiers	General Fund	89,049	251,611	89,049	251,611	79,722
Subscription Based Information Technology Agreements (SBITAs)	General Fund and Special Revenue Fund	45,292	68,450	33,896	79,846	37,811
<u>Other Liabilities:</u>						
Accumulated unpaid vacation and sick leave	General Fund	2,212,672	1,387,768	1,092,915	2,507,525	1,946,637
Accretion Payable	Debt Service	447,805	14,678	-	462,483	-
Unamortized Premium on Bonds		2,052,022	-	131,595	1,920,427	-
Total Other Liabilities		4,712,499	1,402,446	1,224,510	4,890,435	1,946,637
Total Governmental Long- term Liabilities		\$ 29,911,840	\$ 1,722,507	\$ 2,052,455	\$ 29,581,892	\$ 2,804,170

H. Bonds Payable

A summary of changes in the bonds payable for the year ended June 30, 2023 is as follows:

Bonded Indebtedness:	Interest Rate and Maturity Date	Original Issue	Interest Current Year	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Unlimited Tax Refunding Bonds-Series 2021								
Serial bonds	1.47% - 2.1% 5/1/2033	\$ 4,790,000	\$ 157,218	\$ 4,710,000	\$ -	\$ 65,000	\$ 4,645,000	\$ 65,000
Current interest term bonds	1.47% - 2.1% 5/1/2033	420,000	-	420,000	-	-	420,000	-
Capital appreciation bonds	5/1/2028	355,000	-	355,000	-	-	355,000	-
Unlimited Tax School Building Bonds-Series 2015	3.375% - 6.0% 5/1/2045	27,905,000	759,150	19,580,000	-	640,000	18,940,000	675,000
Total			916,368	25,065,000	\$ -	705,000	24,360,000	740,000

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

On December 1, 2021, the District issued Unlimited Tax Refunding Bonds, Series 2021 in the amount of \$5,565,000. The bonds and interest are payable on May 1 and November 1 of each year, commencing on May 1, 2022 and ending on May 1, 2033. The bonds were issued to refund portions of the Unlimited Tax Refunding Bonds Series 2015 and to pay the cost associated with the issuance sale of the bonds. As a result, \$5,565,000 of the 2015 Series bonds are considered to be defeased and not presented in these financial statements. The amount of defeased debt still outstanding at June 30, 2023 was \$5,565,000 and the related escrow balance was \$5,581,835.

Debt service requirements for bonds are as follows:

Year Ending June 30,	Principal (Unlimited Bond Series)	Interest (Unlimited Bond Series)	Total Requirements
2024	\$ 740,000	\$ 883,413	\$ 1,623,413
2025	775,000	848,707	1,623,707
2026	810,000	812,428	1,622,428
2027	850,000	774,399	1,624,399
2028	355,000	1,274,370	1,629,370
2029-2033	4,790,000	3,322,250	8,112,250
2034-2038	5,870,000	2,519,325	8,389,325
2039-2043	6,995,000	1,396,575	8,391,575
2044-2045	3,175,000	179,625	3,354,625
Total	<u>\$ 24,360,000</u>	<u>\$ 12,011,092</u>	<u>\$ 36,371,092</u>

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, 2023. For the year ended June 30, 2023, the District paid \$916,368 in interest costs related to bonds payable.

I. Right-to-Use Leases

In July of 2020, the District executed a lease for copiers throughout the District for a term of 3 years with a monthly payments of \$7,559. Management utilized a 5% interest rate to calculate the net present value. As of June 30, 2023 this right-to-use lease asset was fully amortized.

In June of 2023, the District executed a lease for copiers throughout the District for a term of 3 years with monthly payments of \$7,541. Management utilized a 5% interest rate to calculate the net present value of the lease. The right-to-use lease asset is being amortized over the remaining term of the lease using the straight-line method.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

Debt service requirements for Right-to-Use Leases are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2024	\$ 79,722	\$ 10,770	\$ 90,492
2025	83,801	6,691	90,492
2026	88,088	2,404	90,492
TOTAL	\$ 251,611	\$ 19,865	\$ 271,476

J. Subscription Based Information Technology Agreements (SBITA)

The District has executed various agreements for software, licenses, educational instruction, data management, etc. to be used throughout the District for terms of 2 - 5 years. Effective July 1, 2022, the District implemented GASB No. 96 and recorded subscription based information technology agreement assets and the related liabilities. Management utilized a 5% interest rate to calculate the net present value. The SBITA assets are being amortized over the remaining term of the agreement using the straight-line method.

Debt service requirements for SBITAs are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2024	\$ 37,811	\$ 2,865	\$ 40,676
2025	26,911	1,170	28,081
2026	6,759	580	7,339
2027	8,365	237	8,602
TOTAL	\$ 79,846	\$ 4,852	\$ 84,698

K. 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, 2023.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

L. 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, 2023 was \$2,507,525. The estimated payment due within one year is \$1,946,637. The remainder balance of \$560,888 is presented as other long-term liabilities 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, 2022	\$ 2,212,672
Additions - New Entrants and Salary Increments	1,387,768
Deductions and corrections - Payments to Participants	(1,092,915)
Balance, June 30, 2023	<u>\$ 2,507,525</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.

M. 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.

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/acfr-2022.pdf>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

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 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.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers and active employees for the fiscal years 2019 through 2024.

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 increased employee and employer contribution rates for fiscal years 2020 through 2025.

	<u>Contribution Rates</u>	
	<u>Plan Fiscal Year</u>	
	<u>2022</u>	<u>2023</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

Contributions Required and Made

2023 Employer Contributions	\$ 1,310,739
2023 Member Contributions	2,204,073
2022 Plan Year NECE On-Behalf Contributions (State)	1,262,760

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 2023, the District paid \$34,216 in retiree surcharges and \$387,774 for the Public Education Employer Contribution. These two additional surcharges an employer is subject to are summarized as follows:

- 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 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

Actuarial Assumptions: The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022. 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, 2021 and were adopted in July 2022. The following table discloses the assumptions that were applied to this measurement period:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Mortality Assumption	The active mortality rates were based on the PUB (2010), Amount-Weighted, Below-Median Income, Teacher, Male and Female tables, with a 2-year set forward for male. The rates are projected on a fully generational basis by the long-term rates of scale UMP 2021 to account for future mortality improvements. The post-retirement mortality rates were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates are projected on a fully generational basis by Scale UMP 2021, but with immediate convergence, to account for future mortality improvements.
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91%. - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

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, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Discount Rate: A single discount rate used to measure the total pension liability was 7.00 percent. There was a decrease of 0.25 percent in the discount rate since the previous year. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 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 7.00 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.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

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, 2022 are summarized below:

Asset Class*	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity*	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return*	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity	8.00%	4.60%	0.43%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
Total	100.00%		8.19%

*Absolute Return includes Credit Sensitive Investments

**Target allocations are based on the FY2022 policy model

***Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022)

****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, 2023

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

Discount Rate Sensitivity Analysis: The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 21,110,119	\$ 13,570,221	\$ 7,458,780

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2023, the District reported a liability of \$13,570,221 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	\$ 13,570,221
State's proportionate share that is associated with the District	<u>16,065,593</u>
Total	<u><u>\$ 29,635,814</u></u>

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

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0228580240% which was an increase of 0.0028639396% from its proportion measured as of August 31, 2021.

Changes since the Prior Actuarial Valuation: The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was lowering of the discount rate from 7.25 percent to 7.00 percent.

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

For the year ended June 30, 2023, the District recognized pension expense of \$1,535,689 and revenue of \$1,535,689 for support provided by the State.

The amount of pension expense recognized by the District in the reporting period was \$2,894,577.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

At June 30, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 196,767	\$ 295,857
Changes in actuarial assumptions	2,528,574	630,191
Net difference between projected and actual investment earnings	1,340,695	-
Changes in proportion and difference between District's contributions and proportionate share of contributions	1,028,893	1,409,036
District contributions to TRS subsequent to the measurement date	1,110,933	-
Total	<u>\$ 6,205,862</u>	<u>\$ 2,335,084</u>

The \$1,110,933 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, 2024.

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

Year Ended June 30	Pension Expense
2024	\$ 692,383
2025	291,741
2026	23,733
2027	1,478,641
2028	273,347
	<u>\$ 2,759,845</u>

Changes in Net Pension Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	<u>\$ 5,091,786</u>	<u>\$ 9,545,058</u>	<u>\$ 1,066,623</u>	<u>\$ 13,570,221</u>

Payable to the Pension Plan: At June 30, 2023, the District reported a payable of \$328,601 to the pension plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$191,096.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

N. 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_Documents/acfr-2022.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, 2023

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>	
	2022	2023
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%
2023 Employer Contributions	\$ 284,484	
2023 Member Contributions	178,736	
2022 Plan Year NECE On-behalf Contributions (State)	302,238	

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, 2023, the District paid \$4,815 in retiree surcharges.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health costs during fiscal year 2022.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

Actuarial Assumptions: The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 pension actuarial valuation that was rolled forward to August 31, 2022:

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, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
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% of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.
Health Care Trend Rates	Initial medical trend rates of 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. Initial prescription drug trend rate of 8.25% for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65; 30% of pre-65 retirees are assumed to discontinue coverage at age 65
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.
Ad hoc post-employment benefit changes	None
Other Information:	
Notes	Assumption changes include a discount rate change from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lower participation rates, and updates to the health care trend assumptions.

Discount Rate: A single discount rate of 3.91 percent was used to measure the Total OPEB Liability. There was an increase of 1.96 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, 2021 using the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds.

Discount Rate Sensitivity Analysis: The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate 2.91%	Current Single Discount Rate 3.91%	1% Increase in Discount Rate 4.91%
District’s proportionate share of the Net OPEB Liability:	\$ 8,516,509	\$ 7,223,016	\$ 6,175,121

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

Healthcare Cost Trend Rates Sensitivity Analysis: The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	\$ 5,951,798	\$ 7,223,016	\$ 8,870,987

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2023, the District reported a liability of \$7,223,016 for its proportionate share of the TRS-Care's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

The District's proportionate share of the collective Net OPEB Liability	\$ 7,223,016
State's proportionate share that is associated with the District	<u>8,810,945</u>
Total	<u>\$ 16,033,961</u>

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The 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, 2021 through August 31, 2022.

At August 31, 2022 the employer's proportion of the collective Net OPEB Liability was 0.0301662832%, which was an increase of 0.0021872236% from its proportion measured as of August 31, 2021.

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

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$(1,250,344) and revenue of \$1,250,344 for support provided by the State.

The amount of OPEB expense recognized by the District in the reporting period was \$(2,443,073).

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

At June 30, 2023, the District reported its proportionate share of the TRS-Care'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 experience	\$ 401,574	\$ 6,017,421
Changes in actuarial assumptions	1,100,208	5,018,122
Difference between projected and actual investment earnings	21,515	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,411,981	2,902,522
Contributions paid to TRS-Care subsequent to the measurement date	238,404	-
Total	<u>\$ 3,173,682</u>	<u>\$ 13,938,065</u>

The \$238,404 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, 2024.

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
2024	\$ (2,015,582)
2025	(2,015,504)
2026	(1,709,202)
2027	(1,294,521)
2028	(1,483,558)
Thereafter	(2,484,420)
	<u>\$ (11,002,787)</u>

Changes in Net OPEB Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	<u>\$ 10,792,774</u>	<u>\$ -</u>	<u>\$ 3,569,758</u>	<u>\$ 7,223,016</u>

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

Payable to the OPEB Plan: At June 30, 2023, the District reported a payable of \$43,974 to the OPEB plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$15,526.

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, 2023, 2022 and 2021 were \$148,220, \$105,843, and \$112,109, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

O. Health Care Coverage

The District began its own self funded insurance program effective September 1, 2001 with respect to health insurance. The District contributed \$550 from July 2022 - August 2022 and \$625 from September 2022 - June 2023 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.

The District obtained excess loss insurance which limited annual claims paid from the Fund for the year ended June 30, 2023 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, 2023, 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 2022-2023 year are as follows:

	Period Ended June 30, 2023
Unpaid claims, beginning of year	\$ 383,549
Incurred claims (including IBNRs)	2,827,474
Claim payments	<u>(2,802,302)</u>
Unpaid claims, end of fiscal year (Included in accrued expenses)	<u>\$ 408,721</u>

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

P. 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 \$148,259.

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 \$241,296 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	\$	302,282
Incurred claims		123,175
Claims payments		<u>(184,161)</u>
Unpaid claims, end of fiscal year	\$	<u>241,296</u>

Q. Fund Balance and Deficit Fund Balance

As of June 30, 2023, fund balances are composed of the following:

	General Fund	Non Major Governmental Funds	Total
Nonspendable:			
Inventories	\$ 207,983	\$ -	\$ 207,983
Restricted:			
Food Service	1,183,046	-	1,183,046
Capital Acquisition and Contractual Obligation	-	373,934	373,934
Summer Feeding Program	-	147,311	147,311
Scholarships	-	4,254	4,254
Debt Service	-	349,327	349,327
Campus Activities	-	153,109	153,109
Committed:			
Construction	305,196	-	305,196
Other	2,800,000	-	2,800,000
Unassigned	13,105,368	-	13,105,368
Total	\$ 17,601,593	\$ 1,027,935	\$ 18,629,528

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

As of June 30, 2023, the self insurance health fund had a deficit fund balance of (\$240,358). It is the intention of management to cover this deficit fund balance with a transfer from the general fund.

R. 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, 2023, the District had unfilled purchase orders that it intends to honor in the 2023-2024 year in the amount of \$795,308.

S. 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	\$ 2,923,682	\$ 482,874	\$ 3,406,556
Penalties and Interest on Taxes	100,487	14,805	115,292
Food Service Activity	158,493	-	158,493
Investment Income	487,619	44,177	531,796
Athletic Activities	25,641	-	25,641
Enterprising Services	-	127,065	127,065
Other Revenues from Local Sources	61,648	21,953	83,601
Total	\$ 3,757,570	\$ 690,874	\$ 4,448,444

T. 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 (\$10,676). As of June 30, 2023, the SHARS receivable was \$273,565 and is included in "Receivable from Other Governments."

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

U. Litigation

During the normal course of business the District is subject to various legal claims. As of June 30, 2023, management is not aware of any such claim which would have a material adverse effect on the financial statements.

V. Construction and Other Significant Commitments and Contingencies

Construction Commitments -The District had ongoing projects under non-cancelable contracts at June 30, 2023. Commitments as of June 30, 2023 are as follows:

Project Name	Fund	Commitment	Paid To Date	Remaining Commitment
Alarcon Elementary School Faculty Restroom	General Fund	\$ 42,279	\$ -	\$ 42,279
Monument construction at Fernie Madrid Eagle Park	General Fund	42,262	-	42,262
Borrego Elementary School canopy	General Fund	126,706	25,913	100,793
Asphalt repair and concrete additions at Fernie Madrid Eagle Park	General Fund	52,000	-	52,000
Sambrano Elementary School playground and canopy	General Fund	224,626	-	224,626
Total		\$ 487,873	\$ 25,913	\$ 461,960

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.

(Continued)

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

W. 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, 2023, San Elizario Independent School District carried insurance for building, contents, and property in the amount of \$ 163,315,030 with deductibles ranging from \$5,000 to \$250,000 per occurrence.

X. 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 2022-2023 fiscal year.

Y. Other Employment Benefits

The District has 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, 2023, the District had 117 employees participating in these two Plans. Employee contributions to the Plans totaled \$310,298.

In addition, the District also has a FICA Alternative Plan for non TRS substitutes and non TRS part-time workers. As of June 30, 2023, the District had 152 employees participating in the FICA Alternative Plan and employee contributions to the plan for the year ended June 30, 2023 were \$54,424.

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, 2023

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

Z. Top Ten Taxpayers

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

<u>Name of Taxpayer</u>	<u>Net Taxable Value</u>
Comanche Trail Pipeline	\$ 4,346,750
Villa Victoria Apartments LLC	4,233,000
Martinez Carlos	3,015,782
Texas Gas Service	2,820,750
El Paso Electric Co	2,615,460
Flores Raul	1,914,297
Martinez Carlos	1,713,978
El Paso Natural Gas Co	1,646,854
Roadrunner Gas Transmission LLC	1,533,550
Las Villas at Villa Victoria LLC	<u>1,442,965</u>
Total of top 10 Taxpayer's	<u><u>\$ 25,283,386</u></u>

AA. Restatement

As part of the District's implementation of GASB 96, a restatement was necessary to establish the opening balances as of July 1, 2022 for the SBITA asset and the related liability in the amount of \$45,292. This restatement had no impact on net position.

BB. 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. 100, *Accounting Changes and Error Corrections - an amendment of GASB No. 62*, effective for fiscal years beginning after June 15, 2023. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections, to provide more understandable, reliable, relevant, consistent, and comparable information for making or assessing accountability.

- GASB No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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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, 2023

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	\$ 3,463,733	\$ 3,813,733	\$ 3,757,570	\$ (56,163)
5800	State Program Revenues	30,719,267	30,719,267	30,182,582	(536,685)
5900	Federal Program Revenues	6,178,882	7,028,882	5,506,593	(1,522,289)
5020	Total Revenues	40,361,882	41,561,882	39,446,745	(2,115,137)
EXPENDITURES:					
Current:					
0011	Instruction	18,841,137	18,355,087	17,913,556	441,531
0012	Instructional Resources and Media Services	397,879	88,562	70,467	18,095
0013	Curriculum and Instructional Staff Development	217,512	235,267	211,417	23,850
0021	Instructional Leadership	807,052	849,552	842,907	6,645
0023	School Leadership	2,273,514	2,266,862	2,287,273	(20,411)
0031	Guidance, Counseling, and Evaluation Services	1,350,300	1,259,304	1,197,341	61,963
0032	Social Work Services	204,238	54,238	52,893	1,345
0033	Health Services	423,014	404,287	445,087	(40,800)
0034	Student (Pupil) Transportation	1,435,155	1,675,445	1,324,044	351,401
0035	Food Services	4,411,882	4,407,434	3,710,817	696,617
0036	Extracurricular Activities	1,265,633	1,387,645	1,271,821	115,824
0041	General Administration	1,746,111	1,760,271	1,744,048	16,223
0051	Facilities Maintenance and Operations	4,566,073	5,602,325	4,492,246	1,110,079
0052	Security and Monitoring Services	917,760	982,760	923,547	59,213
0053	Data Processing Services	1,271,777	1,085,997	1,215,364	(129,367)
0061	Community Services	34,090	34,090	30,700	3,390
Debt Service:					
0071	Principal on Long-Term Liabilities	90,705	805,474	122,945	682,529
0072	Interest on Long-Term Liabilities	4,295	3,295	2,998	297
Capital Outlay:					
0081	Facilities Acquisition and Construction	492,331	696,035	437,526	258,509
Intergovernmental:					
0099	Other Intergovernmental Charges	44,500	44,500	43,827	673
6030	Total Expenditures	40,794,958	41,998,430	38,340,824	3,657,606
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(433,076)	(436,548)	1,105,921	1,542,469
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	50,000	50,000	27,011	(22,989)
7913	Proceeds of Right-to-Use Lease	-	-	251,611	251,611
7949	Proceeds of SBIT As and Other Resources	-	-	42,025	42,025
7080	Total Other Financing Sources (Uses)	50,000	50,000	320,647	270,647
1200	Net Change in Fund Balances	(383,076)	(386,548)	1,426,568	1,813,116
0100	Fund Balance - July 1 (Beginning)	16,175,025	16,175,025	16,175,025	-
3000	Fund Balance - June 30 (Ending)	\$ 15,791,949	\$ 15,788,477	\$ 17,601,593	\$ 1,813,116

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

Budgets and Budgetary Control

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 20, 2022, the 2022-2023 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.

Budgetary Basis of Accounting

The District's budget is prepared on a modified accrual basis of accounting.

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

Excess Expenditures Over Appropriations

Exhibit G-1 presents unfavorable budget variances in function 23, 33, and 53. During the year, the District amended its budget as necessary for the implementation of GASB No. 96, Subscription Based Information Technology Agreements. However, after year-end, additional reclassifications were necessary in order to record the transactions in accordance with GASB No. 96. These reclassifications caused the unfavorable budget variance on those specific lines. Overall, the District had a favorable budget variance.

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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.022858024%	0.019994084%	0.023809101%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 13,570,221	\$ 5,091,786	\$ 12,571,669
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	16,065,593	8,143,241	18,523,748
Total	<u>\$ 29,635,814</u>	<u>\$ 13,235,027</u>	<u>\$ 31,095,417</u>
District's Covered Payroll	\$ 25,709,596	\$ 25,139,623	\$ 27,714,655
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	52.78%	20.25%	46.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.023826637%	0.02509859%	0.025093332%	0.025305349%	0.0267438%	0.024321%
\$ 12,385,831	\$ 13,814,873	\$ 8,023,496	\$ 9,562,515	\$ 9,453,577	\$ 6,496,475
18,345,304	20,671,120	12,430,524	15,294,691	14,654,604	10,836,550
\$ 30,731,135	\$ 34,485,993	\$ 20,454,020	\$ 24,857,206	\$ 24,108,181	\$ 17,333,025
\$ 26,000,716	\$ 26,272,342	\$ 25,672,182	\$ 25,400,027	\$ 24,729,029	\$ 23,733,112
47.64%	52.58%	31.25%	38.47%	39.21%	37.92%
75.24%	73.74%	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 2023

	2023	2022	2021
Contractually Required Contribution	\$ 1,310,739	\$ 1,007,866	\$ 951,692
Contribution in Relation to the Contractually Required Contribution	(1,310,739)	(1,007,866)	(951,692)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 27,550,916	\$ 25,356,668	\$ 26,688,154
Contributions as a Percentage of Covered Payroll	4.76%	3.97%	3.57%

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.

2020	2019	2018	2017	2016	2015
\$ 871,995	\$ 835,784	\$ 846,355	\$ 818,408	\$ 804,499	\$ 705,355
(871,995)	835,784	(846,355)	(818,408)	(804,499)	(705,355)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 26,263,662	\$ 26,064,573	\$ 26,276,743	\$ 25,588,761	\$ 25,280,408	\$ 24,538,863
3.32%	3.21%	3.22%	3.20%	3.18%	2.87%

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SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED JUNE 30, 2023

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

The Board adopted new assumptions on July 15, 2022 based on recommendations from the experience study for the period ending August 31, 2022. The primary assumption change was lowering of the discount rate from 7.25 percent to 7.00 percent. Please see the experience study report for a detailed list of changes with the rationale for each. The report is available at: http://www.trs.texas.gov/TRS%20Documents/actuarial_experience_study_2022.pdf.

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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.030166283%	0.02797906%	0.031964825%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 7,223,016	\$ 10,792,774	\$ 12,151,273
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	8,810,945	14,459,911	16,328,399
Total	<u>\$ 16,033,961</u>	<u>\$ 25,252,685</u>	<u>\$ 28,479,672</u>
District's Covered Payroll	\$ 25,815,202	\$ 25,242,209	\$ 27,648,106
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	27.98%	42.74%	42.67%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
0.032732621%		0.034642683%		0.033722374%	
\$	15,479,657	\$	17,297,409	\$	14,664,595
20,569,002		21,278,832		19,007,010	
<u>\$ 36,048,659</u>		<u>\$ 38,576,241</u>		<u>\$ 33,671,605</u>	
<u><u>\$ 25,900,503</u></u>		<u><u>\$ 26,272,342</u></u>		<u><u>\$ 25,672,605</u></u>	
42.94%		65.84%		57.12%	
2.66%		1.57%		0.91%	

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 284,484	\$ 238,455	\$ 232,914
Contribution in Relation to the Contractually Required Contribution	(284,484)	(238,455)	(232,914)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 27,603,754	\$ 25,460,913	\$ 26,791,186
Contributions as a Percentage of Covered Payroll	1.03%	0.94%	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.

2020			2019		
2018					
\$	228,941	\$	234,995	\$	228,949
	(228,941)		(234,995)		(228,949)
\$	-	\$	-	\$	-
\$	26,162,751	\$	25,964,500	\$	26,276,743
	0.88%		0.91%		0.87%

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED JUNE 30, 2023

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 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 65% to 62%, and the participation rate for post-65 retirees was lowered from 40% to 25%. The rate of pre-65 retirees who are assumed to discontinue their coverage at age 65 was increased from 25% to 30%. These changes lowered the total OPEB liability.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.

Difference Between Expected and Actual Experience

The primary driver of the \$4.5 billion experience gain was favorable claims experience, which resulted in lower overall 2023 retiree claims estimates than previously assumed.

SUPPLEMENTARY INFORMATION

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		206 ESEA Title X, Pt. Homeless	211 ESEA Title I Part A	212 ESEA Title I Part C Migrant	224 IDEA Part B Formula
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	4,959	684,371	14,377	213,069
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 4,959</u>	<u>\$ 684,371</u>	<u>\$ 14,377</u>	<u>\$ 213,069</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 94	\$ -
2160	Accrued Wages Payable	-	84,688	97	47,278
2170	Due to Other Funds	4,959	599,683	14,186	165,791
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>4,959</u>	<u>684,371</u>	<u>14,377</u>	<u>213,069</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>\$ 4,959</u>	<u>\$ 684,371</u>	<u>\$ 14,377</u>	<u>\$ 213,069</u>

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 1 School Emergency	278 ARP Homeless I	280 ARP Homeless II
\$ -	\$ 19,508	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,486	-	13,670	53,803	85,110	-	5,063	5,326
-	127,803	-	-	-	-	-	-
<u>\$ 2,486</u>	<u>\$ 147,311</u>	<u>\$ 13,670</u>	<u>\$ 53,803</u>	<u>\$ 85,110</u>	<u>\$ -</u>	<u>\$ 5,063</u>	<u>\$ 5,326</u>
\$ -	\$ -	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ -
34	-	-	-	-	-	3,698	-
2,452	-	4,670	53,803	85,110	-	1,365	5,326
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,486</u>	<u>-</u>	<u>13,670</u>	<u>53,803</u>	<u>85,110</u>	<u>-</u>	<u>5,063</u>	<u>5,326</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	147,311	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>147,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,486</u>	<u>\$ 147,311</u>	<u>\$ 13,670</u>	<u>\$ 53,803</u>	<u>\$ 85,110</u>	<u>\$ -</u>	<u>\$ 5,063</u>	<u>\$ 5,326</u>

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	287 COVID-19 School Health Support Grant	288 Title IA Summer LEP
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	70,989	3,735	-	13,209
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 70,989</u>	<u>\$ 3,735</u>	<u>\$ -</u>	<u>\$ 13,209</u>
LIABILITIES					
2110	Accounts Payable	\$ 83	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	4,566
2170	Due to Other Funds	70,906	3,735	-	8,643
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>70,989</u>	<u>3,735</u>	<u>-</u>	<u>13,209</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>\$ 70,989</u>	<u>\$ 3,735</u>	<u>\$ -</u>	<u>\$ 13,209</u>

289 ESEA IV, A Student Supp. Academic	397 Advanced Placement Incentives	410 State Instructional Materials	424 School Safety Standards	428 Silent Panic Alert	429 Math Academies Disbursement	461 Campus Activity Funds	470 Jerry Antwine Scholarship Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 370	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
58,323	-	-	15,340	11,142	-	-	-
-	2,130	23,895	-	-	-	157,086	4,254
<u>\$ 58,323</u>	<u>\$ 2,130</u>	<u>\$ 23,895</u>	<u>\$ 15,340</u>	<u>\$ 11,142</u>	<u>\$ -</u>	<u>\$ 157,456</u>	<u>\$ 4,254</u>
\$ -	\$ -	\$ -	\$ 13,854	\$ -	\$ -	\$ 1,847	\$ -
-	-	-	-	-	-	-	-
58,323	-	-	1,486	11,142	-	-	-
-	-	-	-	-	-	2,500	-
-	2,130	23,895	-	-	-	-	-
<u>58,323</u>	<u>2,130</u>	<u>23,895</u>	<u>15,340</u>	<u>11,142</u>	<u>-</u>	<u>4,347</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	153,109	4,254
-	-	-	-	-	-	153,109	4,254
<u>\$ 58,323</u>	<u>\$ 2,130</u>	<u>\$ 23,895</u>	<u>\$ 15,340</u>	<u>\$ 11,142</u>	<u>\$ -</u>	<u>\$ 157,456</u>	<u>\$ 4,254</u>

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		Total Nonmajor Special Revenue Funds	599 Debt Service Fund	699 Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ 19,878	\$ 391,302	\$ 373,934	\$ 785,114
1220	Property Taxes - Delinquent	-	77,019	-	77,019
1230	Allowance for Uncollectible Taxes	-	(6,829)	-	(6,829)
1240	Due from Other Governments	1,254,972	-	-	1,254,972
1260	Due from Other Funds	315,168	-	-	315,168
1000	Total Assets	<u>\$ 1,590,018</u>	<u>\$ 461,492</u>	<u>\$ 373,934</u>	<u>\$ 2,425,444</u>
LIABILITIES					
2110	Accounts Payable	\$ 24,878	\$ -	\$ -	\$ 24,878
2160	Accrued Wages Payable	140,361	-	-	140,361
2170	Due to Other Funds	1,091,580	-	-	1,091,580
2180	Due to Other Governments	2,500	41,974	-	44,474
2300	Unearned Revenue	26,025	-	-	26,025
2000	Total Liabilities	<u>1,285,344</u>	<u>41,974</u>	<u>-</u>	<u>1,327,318</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	70,191	-	70,191
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>70,191</u>	<u>-</u>	<u>70,191</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	147,311	-	-	147,311
3470	Capital Acquisition and Contractual Obligation	-	-	373,934	373,934
3480	Retirement of Long-Term Debt	-	349,327	-	349,327
3490	Other Restricted Fund Balance	157,363	-	-	157,363
3000	Total Fund Balances	<u>304,674</u>	<u>349,327</u>	<u>373,934</u>	<u>1,027,935</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,590,018</u>	<u>\$ 461,492</u>	<u>\$ 373,934</u>	<u>\$ 2,425,444</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, 2023

Data Control Codes	206 ESEA Title X, Pt. Homeless	211 ESEA Title I Part A	212 ESEA Title I Part C Migrant	224 IDEA Part B Formula
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	8,309	1,825,328	38,002	631,063
5020 Total Revenues	8,309	1,825,328	38,002	631,063
EXPENDITURES:				
Current:				
0011 Instruction	6,950	588,333	13,493	631,063
0012 Instructional Resources and Media Services	-	30,349	-	-
0013 Curriculum and Instructional Staff Development	-	1,001,118	-	-
0021 Instructional Leadership	909	-	24,123	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	9,205	-	-
0032 Social Work Services	450	-	-	-
0033 Health Services	-	79,370	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	116,953	386	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	8,309	1,825,328	38,002	631,063
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7949 Proceeds of SBITAs and Other Resources	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

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 1 School Emergency	278 ARP Homeless I	280 ARP Homeless II
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
8,105	-	57,514	197,096	203,110	-	5,632	4,609
8,105	-	57,514	197,096	203,110	-	5,632	4,609
8,105	-	48,514	-	96,806	-	5,632	4,609
-	-	-	-	-	-	-	-
-	-	-	197,096	105,029	-	-	-
-	-	9,000	-	150	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,125	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,105	-	57,514	197,096	203,110	-	5,632	4,609
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	147,311	-	-	-	-	-	-
\$ -	\$ 147,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	287 COVID-19 School Health Support Grant	288 Title IA Summer LEP
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	137,041	8,803	93,751	20,974
5020 Total Revenues	137,041	8,803	93,751	20,974
EXPENDITURES:				
Current:				
0011 Instruction	114,109	8,803	-	20,974
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	22,932	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	16,679	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	68,860	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	8,212	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	137,041	8,803	93,751	20,974
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7949 Proceeds of SBITAs and Other Resources	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

289 ESEA IV, A Student Supp. Academic	397 Advanced Placement Incentives	410 State Instructional Materials	424 School Safety Standards	428 Silent Panic Alert	429 Math Academies Disbursement	461 Campus Activity Funds	470 Jerry Antwine Scholarship Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	149,018	\$ -
-	-	56,765	15,340	11,142	1,050	-	-
94,892	-	-	-	-	-	-	-
94,892	-	56,765	15,340	11,142	1,050	149,018	-
69,795	-	56,765	-	-	-	23,843	-
9,229	-	-	-	-	-	3,028	-
700	-	-	-	-	1,050	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	8,644	-
9,808	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	86,541	-
-	-	-	15,340	-	-	-	-
2,945	-	-	-	37,567	-	-	-
2,415	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
94,892	-	56,765	15,340	37,567	1,050	122,056	-
-	-	-	-	(26,425)	-	26,962	-
-	-	-	-	26,425	-	-	-
-	-	-	-	-	-	26,962	-
-	-	-	-	-	-	126,147	4,254
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	153,109	\$ 4,254

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	699 Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 149,018	\$ 527,176	\$ 14,680	\$ 690,874
5800 State Program Revenues	84,297	1,150,391	-	1,234,688
5900 Federal Program Revenues	3,334,229	-	-	3,334,229
5020 Total Revenues	3,567,544	1,677,567	14,680	5,259,791
EXPENDITURES:				
Current:				
0011 Instruction	1,697,794	-	-	1,697,794
0012 Instructional Resources and Media Services	42,606	-	-	42,606
0013 Curriculum and Instructional Staff Development	1,304,993	-	-	1,304,993
0021 Instructional Leadership	34,182	-	-	34,182
0023 School Leadership	8,644	-	-	8,644
0031 Guidance, Counseling, and Evaluation Services	41,945	-	-	41,945
0032 Social Work Services	450	-	-	450
0033 Health Services	96,049	-	-	96,049
0036 Extracurricular Activities	86,541	-	-	86,541
0051 Facilities Maintenance and Operations	84,200	-	-	84,200
0052 Security and Monitoring Services	40,512	-	-	40,512
0061 Community Services	129,091	-	-	129,091
Debt Service:				
0071 Principal on Long-Term Liabilities	-	705,000	-	705,000
0072 Interest on Long-Term Liabilities	-	916,368	-	916,368
0073 Bond Issuance Cost and Fees	-	1,000	-	1,000
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	175,977	175,977
6030 Total Expenditures	3,567,007	1,622,368	175,977	5,365,352
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	537	55,199	(161,297)	(105,561)
OTHER FINANCING SOURCES (USES):				
7949 Proceeds of SBITAs and Other Resources	26,425	-	-	26,425
1200 Net Change in Fund Balance	26,962	55,199	(161,297)	(79,136)
0100 Fund Balance - July 1 (Beginning)	277,712	294,128	535,231	1,107,071
3000 Fund Balance - June 30 (Ending)	\$ 304,674	\$ 349,327	\$ 373,934	\$ 1,027,935

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2023

	753 Self Insurance Fund	770 Worker's Compensation Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 170,314	\$ 1,274,569	\$ 1,444,883
Total Assets	<u>170,314</u>	<u>1,274,569</u>	<u>1,444,883</u>
LIABILITIES			
Current Liabilities:			
Accrued Expenses	<u>410,672</u>	<u>241,296</u>	<u>651,968</u>
Total Liabilities	<u>410,672</u>	<u>241,296</u>	<u>651,968</u>
NET POSITION			
Unrestricted Net Position	<u>(240,358)</u>	<u>1,033,273</u>	<u>792,915</u>
Total Net Position	<u><u>\$ (240,358)</u></u>	<u><u>\$ 1,033,273</u></u>	<u><u>\$ 792,915</u></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, 2023

	753 Self Insurance Fund	770 Worker's Compensation Fund	Total Internal Service Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 4,505,005	\$ 142,595	\$ 4,647,600
Total Operating Revenues	<u>4,505,005</u>	<u>142,595</u>	<u>4,647,600</u>
OPERATING EXPENSES:			
Professional and Contracted Services	3,672,409	245,795	3,918,204
Other Operating Costs	<u>1,117,104</u>	<u>-</u>	<u>1,117,104</u>
Total Operating Expenses	<u>4,789,513</u>	<u>245,795</u>	<u>5,035,308</u>
Operating Income (Loss)	<u>(284,508)</u>	<u>(103,200)</u>	<u>(387,708)</u>
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments	<u>1,219</u>	<u>48,947</u>	<u>50,166</u>
Total Nonoperating Revenues (Expenses)	<u>1,219</u>	<u>48,947</u>	<u>50,166</u>
Change in Net Position	(283,289)	(54,253)	(337,542)
Total Net Position - July 1 (Beginning)	<u>42,931</u>	<u>1,087,526</u>	<u>1,130,457</u>
Total Net Position - June 30 (Ending)	<u><u>\$ (240,358)</u></u>	<u><u>\$ 1,033,273</u></u>	<u><u>\$ 792,915</u></u>

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ 4,505,005	\$ 142,595	\$ 4,647,600
Cash Payments for Insurance Claims	<u>(4,766,319)</u>	<u>(306,781)</u>	<u>(5,073,100)</u>
Net Cash Used For Operating Activities	<u>(261,314)</u>	<u>(164,186)</u>	<u>(425,500)</u>
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	<u>1,219</u>	<u>48,947</u>	<u>50,166</u>
Net Decrease in Cash and Cash Equivalents	(260,095)	(115,239)	(375,334)
Cash and Cash Equivalents at Beginning of Year	<u>430,409</u>	<u>1,389,808</u>	<u>1,820,217</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 170,314</u></u>	<u><u>\$ 1,274,569</u></u>	<u><u>\$ 1,444,883</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Used for Operating Activities:</u>			
Operating Income (Loss):	\$ (284,508)	\$ (103,200)	\$ (387,708)
Effect of Increases and Decreases in Current Assets and Liabilities:			
Increase (decrease) in Accrued Expenses	23,854	(60,986)	(37,132)
Increase (decrease) in Due to Other Funds	<u>(660)</u>	<u>-</u>	<u>(660)</u>
Net Cash Used for Operating Activities	<u><u>\$ (261,314)</u></u>	<u><u>\$ (164,186)</u></u>	<u><u>\$ (425,500)</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, 2023

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised
	Maintenance	Debt Service	Value for School Tax Purposes
2014 and prior years	Various	Various	\$ Various
2015	1.108956	0.051800	194,856,853
2016	1.108900	0.125800	186,540,452
2017	1.108900	0.137400	210,782,050
2018	1.108900	0.117400	216,513,904
2019	1.108900	0.117400	230,945,992
2020	1.028700	0.117400	240,481,080
2021	1.015100	0.154900	250,064,698
2022	0.920700	0.169300	295,549,266
2023 (School year under audit)	0.903300	0.149700	328,131,244
1000 Totals June 30, 2023			
	July and August, 2023 Collections		
	TOTALS AUGUST 31, 2023		
9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone (See Footnote)			
8000 Total Taxes Refunded Under Section 26.115, Tax Code			

For the year ended June 30, 2023, there were no taxes paid into Tax Increment Zone.

(10) Beginning Balance 7/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2023
\$ 166,500	\$ -	\$ 7,436	\$ 503	\$ (18,737)	\$ 139,824
21,586	-	2,984	139	-	18,463
20,121	-	2,843	323	-	16,955
26,502	-	4,865	603	-	21,034
32,359	-	8,103	858	470	23,868
40,868	-	10,788	1,142	582	29,520
53,040	-	19,419	2,216	1,363	32,768
74,660	-	20,653	3,152	(7,869)	42,986
240,077	-	120,408	22,141	(18,650)	78,878
-	3,455,222	2,726,182	451,798	-	277,242
<u>\$ 675,713</u>	<u>\$ 3,455,222</u>	<u>\$ 2,923,681</u>	<u>\$ 482,875</u>	<u>\$ (42,841)</u>	<u>\$ 681,538</u>
-	-	55,039	8,732	-	(63,771)
<u>\$ 675,713</u>	<u>\$ 3,455,222</u>	<u>\$ 2,978,720</u>	<u>\$ 491,607</u>	<u>\$ (42,841)</u>	<u>\$ 617,767</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,383)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,383</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, 2023

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	\$ 176,000	\$ 176,000	\$ 213,483	\$ 37,483
5800 State Program Revenues	77,000	17,000	12,319	(4,681)
5900 Federal Program Revenues	4,158,882	4,158,882	3,596,846	(562,036)
5020 Total Revenues	4,411,882	4,351,882	3,822,648	(529,234)
EXPENDITURES:				
Current:				
0035 Food Services	4,411,882	4,347,434	3,634,974	712,460
Debt Service:				
0071 Principal on Long-Term Liabilities	-	4,448	-	4,448
6030 Total Expenditures	4,411,882	4,351,882	3,634,974	716,908
1100 Excess of Revenues Over Expenditures	-	-	187,674	187,674
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	332	332
1200 Net Change in Fund Balances	-	-	188,006	188,006
0100 Fund Balance - July 1 (Beginning)	1,070,783	1,070,783	1,070,783	-
3000 Fund Balance - June 30 (Ending)	\$ 1,070,783	\$ 1,070,783	\$ 1,258,789	\$ 188,006

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, 2023

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	\$ 505,106	\$ 505,106	\$ 527,176	\$ 22,070
5800 State Program Revenues	1,129,516	1,129,516	1,150,391	20,875
5020 Total Revenues	1,634,622	1,634,622	1,677,567	42,945
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	705,000	705,000	705,000	-
0072 Interest on Long-Term Liabilities	916,368	916,368	916,368	-
0073 Bond Issuance Cost and Fees	1,500	1,500	1,000	500
6030 Total Expenditures	1,622,868	1,622,868	1,622,368	500
1200 Net Change in Fund Balances	11,754	11,754	55,199	43,445
0100 Fund Balance - July 1 (Beginning)	294,128	294,128	294,128	-
3000 Fund Balance - June 30 (Ending)	\$ 305,882	\$ 305,882	\$ 349,327	\$ 43,445

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	4,658,225
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	1,638,618

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	1,033,036
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	492,266

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, 2023, 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 October 31, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

A handwritten signature in cursive script that reads "Gibson Ruddock Patterson LLC".

Gibson Ruddock Patterson LLC
El Paso, Texas
October 31, 2023

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

Opinion on Each Major Federal Program

We have audited San Elizario Independent School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of San Elizario Independent School District's major federal programs for the year ended June 30, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Gibson Ruddock Patterson LLC

Gibson Ruddock Patterson LLC
El Paso, Texas
October 31, 2023

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

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:

**Education Stabilization Fund
Assistance Listing No. 84.425**

**Child Nutrition Cluster Program
Assistance Listing No. 10.553, 10.555
and 10.582**

**Special Education Cluster (IDEA Part B
and IDEA Preschool) Assistance Listing
No. 84.027 and 84.173**

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, 2023

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, 2023

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, 2023

(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	\$ 80,875
Total Direct Programs			80,875
TOTAL U.S. DEPARTMENT OF DEFENSE			80,875
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
Career and Technical - Basic Grant	84.048 A	23420006071904	59,939
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	22610101071904	220,400
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	23610101071904	1,696,470
Total Assistance Listing Number 84.010			1,916,870
ESEA, Title I, Part C - Migratory Children	84.011 A	22615001071904	5,823
ESEA, Title I, Part C - Migratory Children	84.011 A	23615001071904	34,077
Total Assistance Listing Number 84.011			39,900
*IDEA - Part B, Formula	84.027 A	226600010719046000	13,974
*IDEA - Part B, Formula	84.027 A	236600010719046000	649,432
*COVID 19 - IDEA, Part B, Formula - American Rescue Act	84.027 X	225350010719045000	21,323
*COVID 19 - IDEA, Part B, Formula - American Rescue Act	84.027 X	225350020719045000	121,962
Total Assistance Listing Number 84.027			806,691
*IDEA - Part B, Preschool	84.173 A	236610010719046000	8,526
*COVID 19 - IDEA, Part B, Preschool- American Rescue Act	84.173 X	225360010719045000	348
*COVID 19 - IDEA, Part B, Preschool- American Rescue Act	84.173 X	225360020719045000	8,709
Total Assistance Listing Number 84.173			17,583
Total Special Education Cluster (IDEA)			824,274
ESSA Title IX, Part A Homeless Children Education	84.196 A	224600057110041	300
ESSA Title IX, Part A Homeless Children Education	84.196 A	234600057110072	8,394
Total Assistance Listing Number 84.196			8,694
Title III, Part A - English Language Acquisition	84.365 A	22671001071904	17,179
Title III, Part A - English Language Acquisition	84.365 A	23671001071904	189,985
Total Assistance Listing Number 84.365			207,164
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	22694501071904	8,304
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	23694501071904	199,037
Total Assistance Listing Number 84.367			207,341
COVID 19 - ESSER II - School Emergency Relief	84.425 D	21521001071904	4,587,514
COVID 19 - ESSER III - School Emergency Relief	84.425 U	21528001071904	4,187,614
COVID 19 - ARP (ESSER) - Homeless Children & Youth	84.425 W	215330017110072	5,917
COVID 19 - ARP Education for Homeless Children	84.425 W	21533002071904	5,326
Total Assistance Listing Number 84.425			8,786,371
COVID-19 School Health Support	93.323	22393503071904	98,197
Title III, Summer School LEP	84.369 A	69552102	458
Title III, Summer School LEP	84.369 A	69552202	20,516

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(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 Assistance Listing Number 84.369			20,974
Title IV, Part A - Subpart I	84.424 A	23680101071904	96,784
Total Passed Through Texas Education Agency			12,266,508
TOTAL U.S. DEPARTMENT OF EDUCATION			12,266,508
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
**School Breakfast Program	10.553	806780706	1,081,825
**Seamless Summer Option - School Breakfast Program	10.553	806780706	13,078
Total Assistance Listing Number 10.553			1,094,903
**National School Lunch Program - Cash Assistance	10.555	806780706	2,132,374
**National School Lunch Prog. - Non-Cash Assistance	10.555	806780706	240,769
**Performance Based Reimbursement (Lunch)	10.555	806780706	39,216
**COVID-19 - Supply Chain Assistance Funds	10.555	806780706	79,610
**Seamless Summer Option - National School Lunch Program	10.555	806780706	25,326
Total Assistance Listing Number 10.555			2,517,295
**Fresh Fruit Vegetable Program	10.582	806780706	113,667
Total Child Nutrition Cluster			3,725,865
Child & Adult Care Food Program - Cash Assistance	10.558	806780706	129,408
Afterschool Care Program - Area Eligible	10.558	806780706	16,358
Total Assistance Listing Number 10.558			145,766
COVID-19 - Pandemic Electronic Benefit Transfer (P-EBT)	10.649	806780706	3,135
Total Passed Through the Texas Department of Agriculture			3,874,766
TOTAL U.S. DEPARTMENT OF AGRICULTURE			3,874,766
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 16,222,149

*, ** Clustered Programs

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, 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, 2023. 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 position, 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, 2023

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 - May 2023.

Program Income - The Child Nutrition Cluster generated program income in the amount of \$158,493 for the year ended June 30, 2023.

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
School Breakfast Program	10.553	\$ 93,542
National School Lunch Program	10.555	184,379
Total Indirect Cost - Child Nutrition Cluster Program		277,921
ESEA, Title I, Part A - Improving Basic Programs	84.010A	91,542
ESEA II, A Training and Recruiting	84.367A	10,245
ESEA, Title I, Part C - Migratory Children	84.011A	1,898
Career and Technical - Basic Grant	84.048A	2,426
IDEA - Part B, Formula	84.027A	32,344
IDEA- Part B, Formula ARP Act	84.027X	6,245
ESSER Homeless Children	84.425W	1,003
IDEA - Part B, Preschool	84.173A	421
ESEA, Title IV, A Student Supp. Academic	84.424A	1,891
IDEA - Part B Preschool ARP Act	84.173X	254
ESSER II - School Emergency Relief	84.425D	522,134
ESSER III - School Emergency Relief	84.425U	483,314
COVID-19 School Health Support	93.323	4,446
Title III, Part A - English Language Acquisition	84.365A	4,054
Title X, Part C - Homeless Children	84.196A	385
Total Indirect Cost - Other		1,162,602
Total Indirect Costs		\$ 1,440,523

SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

4. RECONCILIATIONS

Of the federal expenditures presented in Exhibit 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	\$ 1,094,903
National School Lunch Program - Cash Assistance	10.555	2,196,916
National School Lunch Prog. - Non-Cash Assistance	10.555	240,769
Fresh Fruit and Vegetables	10.582	113,667
Supply Chain Assistance Funds	10.555	79,610
Afterschool Care Program	10.558	16,358
Child & Adult Care Program	10.558	129,408
P-EBT	10.649	3,135
Indirect Costs - Other	84.XXX	1,162,602
Navy JROTC	12.000	80,875
		5,118,243
SHARS (not included in Exhibit K-1)		
		388,350
Total General Fund federal revenue per Exhibit C-3		
		\$ 5,506,593

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

Expenditures of federal awards per Exhibit K-1	\$ 16,222,149
School Health and Related Services (SHARS) reimbursements	
	388,350
Total federal revenue per Exhibit C-3	
	\$ 16,610,499