

**LA FERIA
INDEPENDENT SCHOOL DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2022

**La Feria Independent School District
Board of Trustees
June 30, 2022**

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La Feria Independent School District
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June 30, 2022

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INTRODUCTORY SECTION

CERTIFICATE OF BOARD

La Feria Independent School District
Name of School District

Cameron
County

031-905
Co.-Dist. Number

We the undersigned, do hereby certify that the attached annual financial reports of the above named school district were reviewed and approved ___ disapproved for the year ended June 30, 2022 at a meeting of the board of school trustees of such school district on the 17 day of NOVEMBER, 2022.


Signature of Board Secretary


Signature of Board President

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
La Feria Independent School District
Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of the La Feria Independent School 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 La Feria Independent School District's ability to continue as a going concern for a reasonable period of time.

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

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison of the General Fund, the schedules related to the net pension and other post-employment liabilities, schedules related to the pension and other post-employment contribution information, and the related notes to the required supplementary information on pages 13-22 and 70-76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the La Feria Independent School District's basic financial statements. The introductory section and the Texas Education Agency Required Schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Information

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

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022, on our consideration of the La Feria Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the La Feria Independent School 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 La Feria Independent School District's internal control over financial reporting and compliance.

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

Harlingen, Texas
November 17, 2022

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La Feria Independent School District Management's Discussion and Analysis

As management of the La Feria Independent School District (the "District" or "La Feria ISD"), we offer this narrative overview of the District's financial performance during the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the independent auditors' report, and the District's Basic Financial Statements which follow this section.

FINANCIAL HIGHLIGHTS

Fiscal year 2021-2022 brought with it continued uncertainties related to COVID-19. Although the District's doors were open to all students for in-person instruction, parents remained cautious with their children attending school and the risk of COVID infection. During the 2021-2022 school year, many LEAs experienced losses in average daily attendance (ADA) due to low rates of attendance caused by the ongoing COVID-19 pandemic. Because ADA is a major component in determining Foundation School Program (FSP) funds, a loss of ADA would normally result in: (1) a loss of FSP funds for affected LEAs during September 2022 FSP settle-up process; or (2) an increase in recapture obligations.

To mitigate against potential reductions in FSP funding for the 2021-2022 school year, in late March 2022, the Texas Education Agency (TEA) worked with state leadership to provide a mechanism to assist LEAs. TEA announced the 2021-2022 Operational Minutes Adjustment (OMA). The commissioner of education exercised his authority under TEC, §25.081(b), to approve a reduction in the minimum number of required 75,600 minutes of operation for all LEAs during the first through fourth six-weeks attendance reporting periods of the 2021-2022 school year. This resulted in an adjustment that would help LEAs, including La Feria ISD, stabilize percentage attendance rates comparable to a more typical school year, rather than the low percentage attendance rates caused by the ongoing COVID-19 pandemic.

The methodology behind the OMA is that for each LEA, TEA calculated a target percentage attendance rate (TPAR), which was the District's average percentage attendance rate for the first four six-weeks attendance reporting periods of the 2019-2020 school year. The District compared its average actual percentage attendance rate for the first through fourth six-weeks attendance reporting periods of the 2021-2022 school year with the TPAR. If the District's average actual percentage attendance rate is less than the TPAR, TEA will adjust operational minutes for the District as necessary to increase the average actual percentage rate to the TPAR.

The District began expending part of the \$11.8 million in American Rescue Plan (ARP) ESSER III (Elementary & Secondary Emergency Relief) funds it was awarded, as well as expending part of the \$5.3 million in CRRSA (Coronavirus Response and Relief Supplemental Appropriations Act) ESSER II funds awarded. These funds are intended to help mitigate the impact of COVID-19. The funding for both grants was budgeted and used during the 2021-2022 fiscal year, and will continue to be budgeted for the following fiscal years: ESSER II will be used during 2022-2023 fiscal year, and ESSER III will be used during 2022-2023 and 2023-2024 fiscal years.

ESSER III requires that the District spend at least 20% of the funds awarded to address learning loss through the implementation of evidence-based interventions, such as summer learning or summer enrichment, extended day, comprehensive afterschool programs, or extended school year programs to be used for learning loss initiatives. ESSER II does not include the 20% minimum spending requirement.

The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent period by \$7,927,050 (net position), which was an increase from the prior year of \$4,257,472. The increase was primarily due to an increase in current investments and a reduction in the net pension liability of the District.

La Feria Independent School District Management's Discussion and Analysis

At the end of the current fiscal period, the District reported an ending fund balance in its general fund of \$9,994,426 which is an increase of \$1,163,049 from last year. There was no major change in local and state revenues compared to the prior year, as it only decreased by approximately \$100,000. There was also no major change in total expenditures as it increased by approximately \$380,000 compared to the prior year.

The District's current and delinquent property tax collections were lower than the previous year for the 2021 tax year by approximately \$160,000. This resulted in the District's Debt Service fund reported a deficit fund balance of (\$243,177).

The District received an "A = Superior Achievement" rating for the Financial Integrity System of Texas (FIRST) for 2021-2022. This is the third year in a row that the district has achieved the highest rating. The District's School FIRST rating is based on applicable data extracted from the audit financial data feed, the Public Education Information Management System (PEIMS), and other required collection systems to produce a final School FIRST rating. The primary goal of School FIRST is to achieve quality performance in the management of school district's financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section of this Annual Financial Report consists of four parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, (3) required supplemental information, and (4) other supplementary information, which is the section that presents additional information required by the Texas Education Agency.

The Management's Discussion and Analysis section is intended to serve as an introduction to the District's Basic Financial Statements. The District's Basic Financial Statements comprise three components: (1) Government-Wide Financial Statements (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements.

The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*. The District currently does not utilize any proprietary funds.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

La Feria Independent School District Management's Discussion and Analysis

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused sick leave.)

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (governmental activities). All of the District's services are reported in the government-wide financial statements, including instructional leadership, student support services, general administration, support services, and debt services.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related requirements. The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes to show that it is properly using taxes and grants.

The District has the following kinds of funds:

Governmental funds: Government funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year.

Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

La Feria Independent School District Management's Discussion and Analysis

The District maintains 20 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, ARP ESSER III and the debt service fund, which are considered to be major funds. Data from the other governmental funds are combined in a single, aggregated presentation. The District adopts an annual appropriated budget for its General Fund, Child Nutrition Program (included in the general fund) and Debt Service Fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The District does not legally adopt a budget for the ARP ESSER III.

Proprietary funds: Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The District currently does not utilize any proprietary fund types.

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

Notes to Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) that further explains and supports the information in the financial statements. The Required Supplementary Information includes a comparison of the original adopted budget, the final amended budget, and the actual results for the fiscal year ended for the general fund. Also included in RSI is the Schedule of the District's Proportional Share of the Net Pension Liability of the Teacher Retirement System of Texas, the Schedule of District Contributions for Pensions to the Teacher Retirement System of Texas, the Schedule of the District's Proportionate Share of the Net OPEB Liability of the Teacher Retirement System of Texas, and the Schedule of the District's OPEB Contributions to the Teacher Retirement System of Texas.

Texas Education Agency Required Schedules

This section contains information for the purpose for additional analysis and is not a required part of the basic financial statements. This section includes certain compliance schedules required by the Texas Education Agency.

Government-Wide Financial Analysis

Presented in Tables I and II below are summarized Statement of Net Position and Statement of Changes in Net Position for both current and prior-year data. Our analysis focuses on the current year and the comparison of prior-year amounts on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

La Feria Independent School District Management's Discussion and Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the period ended June 30, 2022, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$7,927,050 which was an increase from last year.

**Table I
Net Position Summary**

	Governmental Activities	
	June 30, 2022	June 30, 2021
Assets		
Current and other assets	\$ 17,592,887	\$ 13,530,229
Capital assets	40,523,730	40,288,982
Total assets	58,116,617	53,819,211
Deferred outflows of resources	4,376,225	4,993,134
Liabilities		
Current liabilities	8,546,999	5,564,677
Long-term liabilities	19,383,771	20,958,034
Net pension liabilities	4,058,234	9,060,594
Net OPEB liabilities	9,335,566	9,672,705
Total liabilities	41,324,570	45,256,010
Deferred inflows of resources	13,241,222	9,886,757
Net position		
Net investment in capital assets	20,359,014	18,490,971
Restricted	-	37,123
Unrestricted	(12,431,964)	(14,858,516)
Total net position	\$ 7,927,050	\$ 3,669,578

As depicted in Table I, a significant portion of the District's net position, \$20,359,014, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position is a deficit of \$(12,431,964) due to GASB No. 75 & GASB No. 68 reporting the District's share of the Net OPEB liability and Net Pension Liability.

Change in Net Position

Total net position of the District increased by \$4,257,472.

La Feria Independent School District Management's Discussion and Analysis

Table II
Changes in Net Position

	Governmental Activities	
	June 30, 2022	June 30, 2021
Revenues		
Program revenues		
Charges for services	\$ 364,766	\$ 129,701
Operating grants and contributions	13,900,040	8,693,347
General revenues		
Property taxes	6,037,031	5,559,600
State and other grants	25,350,320	27,839,693
Investment earnings	16,084	5,274
Other	228,627	313,492
	\$ 45,896,868	\$ 42,541,107
Expenses		
Instruction	\$ 20,985,642	\$ 21,520,419
Instruction resources and media services	347,156	362,669
Curriculum and staff development	240,391	118,886
Instructional leadership	1,098,751	981,236
School leadership	2,135,732	2,567,089
Guidance, counseling and evaluation services	930,261	1,022,580
Social work services	87,955	81,530
Health services	584,368	369,662
Student (pupil) transportation	1,168,618	1,206,421
Food services	2,496,941	2,324,156
Extracurricular activities	1,958,458	1,504,874
General administration	1,463,064	1,543,755
Facilities maintenance and operations	5,892,015	5,223,348
Security and monitoring services	33,854	87,712
Data processing services	915,463	769,876
Community services	371,333	261,364
Debt service	652,923	688,579
Other governmental charges	276,471	82,664
Total expenses	41,639,396	40,716,820
Change in net position	4,257,472	1,824,287
Beginning net position	3,669,578	1,845,291
Ending net position	\$ 7,927,050	\$ 3,669,578

The District's total revenues were \$45,896,868. A significant portion, 85.5%, of the District's revenue comes from state aid and other grants, formula grants and operating grants, 13.2% comes from taxes, while 1.3% relates to charges for services, investments, and miscellaneous income.

La Feria Independent School District Management's Discussion and Analysis

Governmental Activities

- Property tax rates decreased from \$1.20817 to \$1.155747 per \$100 of taxable property value.
- Average daily attendance (ADA) decreased from the prior year to the current year from 2867.305 to 2650.329.

The total cost of all programs and services was \$41,639,396; 78% of these costs are for instructional and student services.

Table III presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this fiscal period was \$41,639,396.
- However, the amount that our taxpayers paid for these activities through property taxes was \$6,037,031.
- Some of the cost was paid by those who directly benefited from the programs (\$364,766) or by grants and contributions (\$13,900,040).

**Table III
Net Cost of Selected District Functions**

	Total Cost of Services			Net Cost of Services		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Instruction	\$ 20,985,642	\$ 21,520,419	-2%	\$ 15,822,729	\$ 16,339,558	-3%
School administration	2,135,732	2,567,089	-17%	1,581,784	2,321,848	-32%
Food services	2,496,941	2,324,156	7%	(675,274)	462,142	-246%
Plant maintenance and operations	5,892,015	5,223,348	13%	3,618,397	4,968,633	-27%
Debt service - interest	651,073	687,129	-5%	651,073	687,129	-5%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements, bond covenants, and segregation for particular purposes.

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

As of June 30, 2022, the District's governmental funds reported a combined ending fund balance of \$9,952,191, an increase of \$934,816 from last year. Of the total fund balance, \$9,694,538, or approximately 97.4%, constitutes unassigned fund balance. The remainder of fund balance is nonspendable and, committed or assigned for particular purposes as follows:

La Feria Independent School District Management's Discussion and Analysis

**Table IV
Governmental Funds – Fund Balances**

	Governmental Funds	
	June 30, 2022	June 30, 2021
Nonspendable		
Inventories	\$ 56,711	\$ 96,814
Prepaid items	-	74,432
Restricted		
Debt service	-	37,123
Committed		
Campus activity funds	200,942	148,875
Unassigned		
Unassigned	9,694,538	8,660,131
Total fund balances	\$ 9,952,191	\$ 9,017,375

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget three (3) times. Actual expenditures were \$1,756,577 below final budget amounts with no functions exceeding the approved budget amounts. The budget amendment reallocated amounts between functions based upon revised needs identified throughout the year.

The District's General Fund balance of \$9,994,426 differs from the final budgetary fund balance of \$7,970,376 reported in the budgetary comparison statement due to the net effect of favorable and unfavorable variances as explained below:

- Revenues realized were \$267,473 higher than the budgeted amount due primarily to additional taxes collected, and foundation revenue received in the second half of the year.
- The largest variance \$1,826,533 in expenditures which resulted for savings in instruction, food services, facilities maintenance and operations and data processing services. The budget was amended to allow for increased expenditures which were not incurred.

La Feria Independent School District Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the District had invested \$40,523,730 in a broad range of capital assets, including land, buildings and improvements and equipment. Additional information on the District's capital assets can be found in the notes.

**Table V
Capital Asset Summary**

	Governmental Activities	
	June 30, 2022	June 30, 2021
Land	\$ 2,233,311	\$ 2,233,311
Buildings and improvements	62,829,106	61,576,029
Equipment	9,013,222	7,953,319
Construction in progress	162,388	156,985
Totals at historical cost	74,238,027	71,919,644
Total accumulated depreciation	33,714,297	31,631,051
Net capital assets	\$ 40,523,730	\$ 40,288,593

Long-term Liabilities

At period end the District had the following long-term liabilities:

**Table VI
Long-term Liabilities Outstanding**

	Governmental Activities	
	June 30, 2022	June 30, 2021
Bonds payable	\$ 18,979,000	\$ 20,207,000
Property finance contract	213,100	418,354
Premium on issuance of bonds	1,439,622	1,630,877
Lease Liability	-	73,441
Long-term debt	\$ 20,631,722	\$ 22,329,672

Additional information on the District's long-term debt can be found in the notes to the financial statements as indicated in the table of contents of this report.

La Feria Independent School District Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2022-2023 budget preparation is the certified estimate of \$509,806,531 an increase of 12.8% from last year's certified estimate.
- The tax rate for tax year 2021 decreased compared to tax rate for tax year 2020. The District's M&O rate for 2021-2022 was 0.960300 (down from 1.03070 in 2020-2021) due to the state's required maximum compression rate (MCR). The District's I&S rate for 2021-2022 was 0.195447 (up from 0.17747 in 2020-221) per \$100 of valuation. The District reached out to Moak Casey & Associates, as well as TASB, to help calculate the I&S tax rate. The calculated rate is based on the MCR, annual debt obligations, and maximizing state aid.
- General operating fund spending per student in the 2021-2022 budget increased from \$12,990 to \$13,189.
- The District's 2021-2022 refined average daily attendance decreased when compared to the 2020-2021 ADA. However, the District expects this downward trend to flatten out and begin to trend upward. We are aware of several new subdivisions under construction within the District that will hopefully provide additional ADA during the next 2-4 years. The District will continue to monitor staffing and budget responsibly to remain within budgeted amounts.
- As expected, the ESSER II and ESSER III grants will definitely help the District maintain fluid operations in the next couple of years (2021-2022 through the 2023-2024 school years) to address District needs.

These indicators were taken into account when adopting the general fund budget for 2022-2023.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office.

FINANCIAL STATEMENTS

LA FERIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 438,393
1120 Current Investments	11,227,061
1220 Property Taxes - Delinquent	927,386
1230 Allowance for Uncollectible Taxes	(27,822)
1240 Due from Other Governments	4,942,223
1290 Other Receivables, Net	28,935
1300 Inventories	56,711
Capital Assets:	
1510 Land	2,233,311
1520 Buildings, Net	35,541,274
1530 Furniture and Equipment, Net	2,586,757
1580 Construction in Progress	162,388
1000 Total Assets	58,116,617
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	467,006
1705 Deferred Outflow Related to TRS Pension	2,269,147
1706 Deferred Outflow Related to TRS OPEB	1,640,072
1700 Total Deferred Outflows of Resources	4,376,225
LIABILITIES	
2110 Accounts Payable	362,180
2140 Interest Payable	280,623
2150 Payroll Deductions and Withholdings	243,064
2160 Accrued Wages Payable	2,929,338
2177 Due to Fiduciary Funds	429,314
2180 Due to Other Governments	2,357,141
2300 Unearned Revenue	420,095
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, etc.	1,525,244
Due in More than One Year:	
2502 Bonds, Notes, Loans, etc.	19,383,771
2540 Net Pension Liability (District's Share)	4,058,234
2545 Net OPEB Liability (District's Share)	9,335,566
2000 Total Liabilities	41,324,570
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	5,030,492
2606 Deferred Inflow Related to TRS OPEB	8,210,730
2600 Total Deferred Inflows of Resources	13,241,222
NET POSITION	
3200 Net Investment in Capital Assets	20,359,014
3900 Unrestricted	(12,431,964)
3000 Total Net Position	\$ 7,927,050

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

LA FERIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 20,985,642	\$ 44,674	\$ 5,082,596	\$ (15,858,372)
12	Instructional Resources and Media Services	347,156	-	3,794	(343,362)
13	Curriculum and Instructional Staff Development	240,391	-	98,866	(141,525)
21	Instructional Leadership	1,098,751	-	236,297	(862,454)
23	School Leadership	2,135,732	-	553,948	(1,581,784)
31	Guidance, Counseling, and Evaluation Services	930,261	-	125,298	(804,963)
32	Social Work Services	87,955	-	91,005	3,050
33	Health Services	584,368	-	357,264	(227,104)
34	Student (Pupil) Transportation	1,168,618	-	745,708	(422,910)
35	Food Services	2,496,941	23,715	3,148,500	675,274
36	Extracurricular Activities	1,958,458	225,934	20,668	(1,711,856)
41	General Administration	1,463,064	41,092	465,429	(956,543)
51	Facilities Maintenance and Operations	5,892,015	29,351	2,244,267	(3,618,397)
52	Security and Monitoring Services	33,854	-	1,522	(32,332)
53	Data Processing Services	915,463	-	170,533	(744,930)
61	Community Services	371,333	-	354,519	(16,814)
72	Debt Service - Interest on Long-Term Debt	651,073	-	-	(651,073)
73	Debt Service - Bond Issuance Cost and Fees	1,850	-	-	(1,850)
93	Payments Related to Shared Services Arrangements	199,826	-	199,826	-
99	Other Intergovernmental Charges	76,645	-	-	(76,645)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 41,639,396	\$ 364,766	\$ 13,900,040	(27,374,590)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			5,015,103	
DT	Property Taxes, Levied for Debt Service			1,021,928	
SF	State Aid - Formula Grants			24,639,534	
GC	Grants and Contributions not Restricted			710,787	
IE	Investment Earnings			16,084	
MI	Miscellaneous Local and Intermediate Revenue			228,626	
TR	Total General Revenues			31,632,062	
CN	Change in Net Position			4,257,472	
NB	Net Position - Beginning			3,669,578	
NE	Net Position - Ending			\$ 7,927,050	

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

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LA FERIA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

Data Control Codes	10 General Fund	20 ARP Act ESSER III	50 Debt Service Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 325,043	\$ -	\$ 113,350
1120 Investments - Current	11,227,056	-	5
1220 Property Taxes - Delinquent	788,467	-	138,919
1230 Allowance for Uncollectible Taxes	(23,654)	-	(4,168)
1240 Due from Other Governments	2,863,549	1,195,783	-
1260 Due from Other Funds	1,414,037	-	-
1290 Other Receivables	28,935	-	-
1300 Inventories	56,711	-	-
1000 Total Assets	<u>\$ 16,680,144</u>	<u>\$ 1,195,783</u>	<u>\$ 248,106</u>
LIABILITIES			
2110 Accounts Payable	\$ 326,121	\$ 3,714	\$ -
2150 Payroll Deductions and Withholdings Payable	243,064	-	-
2160 Accrued Wages Payable	2,518,303	182,779	-
2170 Due to Other Funds	706,509	1,009,290	192,158
2180 Due to Other Governments	2,123,524	-	164,374
2300 Unearned Revenue	3,384	-	-
2000 Total Liabilities	<u>5,920,905</u>	<u>1,195,783</u>	<u>356,532</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	764,813	-	134,751
2600 Total Deferred Inflows of Resources	<u>764,813</u>	<u>-</u>	<u>134,751</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	56,711	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	-	-
3600 Unassigned Fund Balance (Deficit)	9,937,715	-	(243,177)
3000 Total Fund Balances (Deficit)	<u>9,994,426</u>	<u>-</u>	<u>(243,177)</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 16,680,144</u>	<u>\$ 1,195,783</u>	<u>\$ 248,106</u>

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

Other Funds	Total Governmental Funds
\$ -	\$ 438,393
-	11,227,061
-	927,386
-	(27,822)
882,891	4,942,223
654,825	2,068,862
-	28,935
-	56,711
\$ 1,537,716	\$ 19,661,749
\$ 32,345	\$ 362,180
-	243,064
228,256	2,929,338
590,219	2,498,176
69,243	2,357,141
416,711	420,095
1,336,774	8,809,994
-	899,564
-	899,564
-	56,711
200,942	200,942
-	9,694,538
200,942	9,952,191
\$ 1,537,716	\$ 19,661,749

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	9,952,191
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of these assets was \$74,238,027 and the accumulated depreciation was \$(33,714,297).		40,523,730
2 Long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds.		(20,909,015)
3 Gains/losses on defeasance of debt are recognized as deferred credits or charges and amortized over the remaining life of the debt. The District has deferred charges on various refundings that are not reported in the funds.		467,006
4 Accrued interest payable does not require current financial resources so it is not reported as a liability in the funds.		(280,623)
5 Property taxes receivable that will be collected this year, but that are not available soon enough to pay for current period's expenditures and, therefore, are unavailable in the funds.		899,564
6 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 \$2,269,147, a deferred resource inflow in the amount of \$(5,030,492), and a net pension liability in the amount of \$(4,058,234). This resulted in a decrease in net position.		(6,819,579)
7 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$1,640,072, a deferred resource inflow in the amount of \$(8,210,730), and a net OPEB liability in the amount of \$(9,335,566). This resulted in a decrease in net position.		(15,906,224)
19 Net Position of Governmental Activities	\$	<u>7,927,050</u>

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

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

Data Control Codes	10 General Fund	20 ARP Act ESSER III	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 5,383,623	\$ -	\$ 1,006,032
5800 State Program Revenues	26,134,071	-	660,818
5900 Federal Program Revenues	4,599,779	6,568,616	-
5020 Total Revenues	<u>36,117,473</u>	<u>6,568,616</u>	<u>1,666,850</u>
EXPENDITURES:			
Current:			
0011 Instruction	17,424,731	2,404,242	-
0012 Instructional Resources and Media Services	340,361	-	-
0013 Curriculum and Instructional Staff Development	131,146	28,881	-
0021 Instructional Leadership	915,459	250,244	-
0023 School Leadership	2,003,774	158,431	-
0031 Guidance, Counseling, and Evaluation Services	850,429	73,212	-
0032 Social Work Services	2,259	33,143	-
0033 Health Services	229,855	249,922	-
0034 Student (Pupil) Transportation	610,249	749,880	-
0035 Food Services	2,446,973	65,738	-
0036 Extracurricular Activities	1,898,578	7,989	-
0041 General Administration	1,431,174	49,173	-
0051 Facilities Maintenance and Operations	3,929,998	2,179,412	-
0052 Security and Monitoring Services	30,722	1,522	-
0053 Data Processing Services	976,987	178,050	-
0061 Community Services	34,138	138,777	-
Debt Service:			
0071 Principal on Long-Term Liabilities	316,667	-	1,190,000
0072 Interest on Long-Term Liabilities	45,799	-	755,300
0073 Bond Issuance Cost and Fees	-	-	1,850
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,258,480	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0099 Other Intergovernmental Charges	76,645	-	-
6030 Total Expenditures	<u>34,954,424</u>	<u>6,568,616</u>	<u>1,947,150</u>
1200 Net Change in Fund Balances	1,163,049	-	(280,300)
0100 Fund Balance - July 1 (Beginning)	<u>8,831,377</u>	<u>-</u>	<u>37,123</u>
3000 Fund Balance (Deficit)- June 30 (Ending)	<u>\$ 9,994,426</u>	<u>\$ -</u>	<u>\$ (243,177)</u>

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

	Other Funds	Total Governmental Funds
\$	208,550	\$ 6,598,205
	47,886	26,842,775
	3,026,202	14,194,597
	3,282,638	47,635,577
	2,245,375	22,074,348
	18,255	358,616
	70,051	230,078
	991	1,166,694
	77,906	2,240,111
	66,317	989,958
	57,980	93,382
	112,913	592,690
	-	1,360,129
	-	2,512,711
	72,555	1,979,122
	18,326	1,498,673
	74,334	6,183,744
	-	32,244
	-	1,155,037
	215,742	388,657
	-	1,506,667
	-	801,099
	-	1,850
	-	1,258,480
	199,826	199,826
	-	76,645
	3,230,571	46,700,761
	52,067	934,816
	148,875	9,017,375
\$	200,942	\$ 9,952,191

LA FERIA 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, 2022

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	934,816
Capital outlays are reported in the governmental funds as expenditures. In the statement of activities the cost of assets, \$2,318,383 is allocated over their useful lives as depreciation expense which totaled \$(2,083,635) for the year.		234,748
Because some property taxes will not be collected for several months after the District's year end, they are not considered "available" revenues in the governmental funds. This is the change in unearned tax revenue.		48,304
Repayment of principal on long-term liabilities is an expenditure in the funds but is not an expense in the statement of activities.		1,506,695
Some expense such as the effect of the change in compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(49,895)
Governmental funds report premiums, discounts, gains/losses on debt transactions when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. Interest is recorded in the governmental funds when paid but in the statement of activities it is accrued. This is the net impact of amortization of premiums, deferred losses and change in accrued interest.		150,026
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 \$805,398. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net pension liability. This caused a decrease in the change in net position totaling \$(563,867). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$388,756. The net result is an increase in the change in net position.		630,287
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 \$193,947. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net OPEB liability. The caused a decrease in the change in net position totaling \$(156,926). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$765,470. The net result is an increase in the change in net position.		802,491
Change in Net Position of Governmental Activities	\$	4,257,472

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

LA FERIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Private Purpose Trust Fund	Total Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 79,311
Investments - Current	165,828	-
Due from Other Funds	18,911	410,628
Restricted Assets - Investments	-	1,276,410
Total Assets	<u>184,739</u>	<u>\$ 1,766,349</u>
LIABILITIES		
Due to Other Funds	-	225
Due to Student Groups	15,475	-
Total Liabilities	<u>15,475</u>	<u>225</u>
NET POSITION		
Restricted for Student Activities	-	79,086
Restricted for Scholarships	169,264	-
Restricted for Other Purposes	-	1,687,038
Total Net Position	<u>\$ 169,264</u>	<u>\$ 1,766,124</u>

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

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

	Private Purpose Trust Fund	Total Custodial Funds
ADDITIONS:		
Miscellaneous Revenue - Student Activities	\$ -	\$ 151,934
Enterprising Services Revenue	-	3,880,017
Earnings from Temporary Deposits	309	2,449
Total Additions	<u>309</u>	<u>4,034,400</u>
DEDUCTIONS:		
Professional and Contracted Services	-	4,667,543
Other Deductions	-	153,876
Total Deductions	<u>-</u>	<u>4,821,419</u>
Change in Fiduciary Net Position	309	(787,019)
Total Net Position - July 1 (Beginning)	<u>168,955</u>	<u>2,553,143</u>
Total Net Position - June 30 (Ending)	<u>\$ 169,264</u>	<u>\$ 1,766,124</u>

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

La Feria Independent School District

Notes to Financial Statements

NOTE 1: REPORTING ENTITY

The La Feria Independent School District is a public educational agency operating under the applicable laws and regulations of the State of Texas. The Board of Trustees (the "Board"), a seven-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the La Feria Independent School District. The governing Board derives its powers from the statutes of the State of Texas and the Rules and regulations of the Texas State Department of Education. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, as amended by GASB 61 "The Reporting Entity." The District has no component units.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Recently Issued and Implemented Accounting Pronouncements

In the fiscal year 2022 the District implemented the following pronouncements:

GASB Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirement of this Statement are effective for reporting periods beginning after June 15, 2021. The implementation of this standard did not have an impact on the financial statements of the District.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* increases the consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The implementation of this standard did not have an impact on the financial statements of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019, extended by Statement No. 95 to fiscal years beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The implementation of this standard did not have an impact on the financial statements of the District.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These Statements are as follows:

GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements*, 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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, this Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. The requirement of this Statement are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 99, *Omnibus 2022*, the objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (a) practice issues that have been identified during implementation and application of certain GASB Statements and (b) accounting and financial reporting for financial guarantees. The requirement of this Statement are effective for reporting periods beginning after June 15, 2022.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements – (Continued)

GASB Statement No. 100, *Accounting Changes and Error Corrections*, this Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, 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. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The District is evaluating the requirements of the above statements and the impact on reporting.

Basis of Presentation

The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District does not currently utilize any proprietary funds.

La Feria Independent School District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major individual government funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated by type and reported as non-major funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation:

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded as soon as they are both available and measurable. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within the 60 days after year end except for Instructional Facilities Allotment and Existing Debt Allotment funding from the Texas Education Agency (TEA) for which the period was extended to 90 days due to delays by TEA in processing amendments related to this funding. Grant and similar revenues, revenues received from the State of Texas and interest income are all considered to be susceptible to accrual and have been recognized as revenues in the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to longevity pay, claims and judgements are recorded only when payment is due.

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

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

The District reports the following major governmental funds:

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

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.

The ARP Act ESSER III Grant. The District accounts for resources restricted to, or designated for addressing the impact of COVID-19.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the District reports the following funds:

Nonmajor Governmental Funds:

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

Fiduciary Funds:

Custodial Funds. The District accounts for resources held for others in a custodial capacity in a custodial fund. The Fund is used to account for assets held by the District as an agency for student and other organizations. These funds were previously reported in an agency fund. This change resulted in reporting more detail of additions to and deductions from custodial funds than was reported for agency funds.

Private Purpose Trust Funds. These funds are used to account for scholarship funds available for graduates of the District.

The District has no proprietary funds.

Cash and Cash Equivalents

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

Investments

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in external investment pools. Investment pools meet all of the specified criteria in Section 150: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the District's position in these pools is equal to the value of the pooled shares.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. These amounts are eliminated in the governmental activities column in the statement of net position.

Interfund transactions are reported as services provided, reimbursements or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

La Feria Independent School District
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible. 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 in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Delinquent taxes are prorated between the general and debt service funds based on rates adopted for the year of the levy. Allowance for uncollectible tax receivables are based on the historical experience in collecting property taxes.

Inventory and Prepaid Items

In the general fund, inventory is valued at cost, using the weighted-average method, except for food commodities, which are recorded at market value supplied by the Texas Department of Human Services. Commodities are received at no cost to the District; however, their fair market value is recorded as inventory and revenue when received. As the commodities are consumed, inventory is relieved and expenditures are charged.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, and equipment assets are reported in the governmental column in the government-wide financial statements. The District does not have any public domain ("infrastructure") capital assets. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of two years or more.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their acquisition value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building and improvements	10-50
Vehicles/buses	8
Furniture and equipment	5-20

Use of Estimates

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The District's policy allows employees with at least fifteen years of service with the District to accumulate unused sick leave. When an employee retires, the District will pay out any accumulated leave based on a formula which is weighted for years of service to the District.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometime report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

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

In addition to liabilities, the statement of financial position will sometime report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of financial resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting as deferred inflows of resources. The deferred inflows related to pension and OPEB are an aggregate of items related to pensions and OPEB as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts that Meet Specified Criteria*. The deferred inflows related to pensions and OPEB will be recognized as a reduction to pension and OPEB expense in future reporting years.

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

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are recorded and are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond and tax notes issuance costs incurred in the issuance of bonds, are expensed in the current period.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Pension

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

Other Post-Employment Benefits

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 additional 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.

Government-wide Net Position

Net position on the Statement of Net Position include the following:

Net Investment in Capital Assets - The component of net position that represents capital assets less both the accumulated depreciation and the outstanding balance of debt and deferred charges.

Restricted for State and Federal Programs - The component of net position that reports the difference between assets and liabilities of the Federal and State special revenue programs that consists of assets with constraints placed on their use by granting entities.

Restricted for Debt Service - The component of net position that reports the difference between assets, deferred inflows of resources and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use by the bond covenants.

Unrestricted Net Position - The difference between the assets, deferred inflows of resources and liabilities that are not reported in net position net investment in capital assets, or restricted net position.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position flow assumption – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amount to report as restricted – net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In the fund financial statements, governmental funds report fund balances as either a non-spendable fund balance or a spendable fund balance.

Non-spendable fund balance is that portion of fund balance that is not expendable. Examples of non-spendable fund balance include inventories and prepaid items.

Spendable fund balance includes restricted, committed, assigned and unassigned components. These components can be described as follows:

- *Restricted fund balance* – the component of spendable fund balance constrained to a specific purpose by a provider, such as a creditor, grantor, contributor or law or regulation of other governments.
- *Committed fund balance* – the component of spendable fund balance constrained to a specific purpose by Board. A Board resolution is required to establish a fund balance commitment. Only the action that constitutes the most binding constraint of the Board can be considered a commitment for fund balance classification purposes.
- *Assigned fund balance* – the component of the spendable fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Superintendent. Board policy CE (Local) was amended in August 2011 by the Board of Trustees to provide the Superintendent with this authorization.
- *Unassigned fund balance* the component of spendable fund balance which may be spent for any legal purpose. This portion of the total fund balance in the general fund is available to finance operating expenditures.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting System

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

Data Control Codes

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

Subsequent Events

Management has evaluated subsequent events through November 17, 2022, the date the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE 3: DEPOSITS AND INVESTMENTS

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

The Act requires an annual audit of investment practices. Audit procedures in the area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies; the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value.

The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "non-participating" means the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

La Feria Independent School District Notes to Financial Statements

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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

The District's management believes that it has complied in all material respects with the requirements of the Act and the District's investment policies.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act, the District's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

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

Cash Deposits

At June 30, 2022, the carrying value of the District's deposits (cash and interest-bearing savings accounts) was \$517,704 including fiduciary funds totaling \$79,311 and the bank balance was \$616,900. The District's cash deposits at June 30, 2022, and during the year then ended, 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 – BBVA Bank
- b. The fair value of securities pledged as of the date of the highest combined balance on deposit was \$4,678,069.
- c. The highest combined balance of cash, savings and time deposit accounts amounted to \$3,025,489 and occurred during the month of November 2021.
- d. The total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

La Feria Independent School District
Notes to Financial Statements

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

The following is a reconciliation of the District’s total cash, investments, and restricted assets with the Statement of Net Position:

	June 30, 2022
Deposits	\$ 517,704
Investments	12,669,299
Total of all funds cash and investments	\$ 13,187,003
Less: Statement of Fiduciary Net Position	
Cash and cash equivalents	(79,311)
Investments	(165,828)
Restricted assets - investments	(1,276,410)
Statement of Net Position	\$ 11,665,454

Interest Rate Risk

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

Information about the sensitivity of the District’s investments to market interest rate fluctuations is provided by the following that shows the specific investments by their maturity:

Investment	Credit Rating	Value	Percentage
Texas Class	AAAm	\$ -	0%
Tex Star	AAAm	-	0%
TexPool	AAAm	-	0%
Texas Term	AAAf	165,828	1%
Lone Star	AAA	12,503,471	99%
		\$12,669,299	

Credit Risk

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

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act ("PFIA"). There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"). Chapter 2256 of the Texas Government Code, in addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within on half of one percent of the value of its shares. All of the investment pools that the District is invested in have met the criteria established under GASB Statement No. 79 to report their value at amortized cost. All of the investment pools strive to maintain a \$1 per share net asset value. Additionally, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

As of June 30, 2022, the two investment pools utilized by the District were rated AAAs and AAA by a nationally recognized rating service.

NOTE 4: PROPERTY TAX

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District's 2021 tax rate was \$.960300 for maintenance and \$.195447 for debt service per \$100 assessed valuation. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. At June 30, 2022 outstanding taxes in the general fund and debt service fund were \$788,467 and \$138,919 with a corresponding allowance for doubtful accounts of \$23,654 and \$4,168, respectively. Revenues from taxes are considered available when collected.

La Feria Independent School District
Notes to Financial Statements

NOTE 5: DUE FROM OTHER GOVERNMENTS AND AGENCIES

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

	Due From	Due To
Governmental Funds:		
General Fund:		
Texas Education Agency:		
Foundation revenues	\$ 2,668,070	\$ 2,123,524
Food Service Program - Breakfast and Lunch	21,305	-
Indirect Costs on Federal Programs	174,174	-
Debt Service Fund:		
Texas Education Agency:		
Instructional Facilities Allotment - Bonds	-	164,374
ARP Act ESSER III:		
Texas Education Agency:		
Education Stabilization Fund:	1,195,783	-
Other Governmental Funds:		
Texas Education Agency:		
Education for Homeless Children and Youth	5,659	-
ESEA, Title I, Part A - Improving Basic Programs	373,476	-
ESEA, Title I, Part C - Migratory Children	29,763	-
ESEA, Title I, Part D - Prevention and Intervention Programs	-	-
IDEA-B Formula	163,793	-
Career and Technical Education - Basic Grants to States (Perkins V)	2,195	-
ESEA, Title II, Part A, TPTR	19,556	-
Education Stabilization Fund (ESF)	4,997	-
Special Education - Preschool Grants (IDEA Preschool)	651	-
ESEA, Title III, Part A, - English Language Acquisition	22,408	-
Title IV, Part A - Student Support and Academic Enrichment	25,297	-
Carl Perkins Reserve Grant	186,297	-
Shared Service Arrangement - Career and Technical Education	-	52,609
Other Governmental Entities:		
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	19,995	-
Other State Special Revenue Fund	2,304	-
Other Shared Service Arrangement Special Revenue Fund	26,500	-
Teacher and School Leader Incentive Grants	-	164
State Instructional Materials	-	16,470
Total Governmental Funds	4,942,223	2,357,141
Total	\$ 4,942,223	\$ 2,357,141

La Feria Independent School District
Notes to Financial Statements

NOTE 6: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Due to	Due From	
General Fund	Non-Major Fund	404,747
General Fund	Education Stabilization Fund	1,009,290
Non-major Fund	General Fund	276,972
Non-major Fund	Debt Service Fund	192,158
Non-major Fund	Non-Major Fund	185,695
Due from other funds		2,068,862
Private Purpose Trust Fund	General Fund	18,911
Custodial	General Fund	410,628
Non-major Fund	Custodial Fund	(225)
Due to other funds		\$ 2,498,176

The balances result from a routine lag between the dates that transactions such as year-end payroll accruals and other year-end accruals are recorded in the accounting system and payments between funds are made. All amounts are scheduled to be repaid within one year.

NOTE 7: DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2022, were as follows:

	Property Taxes, Net	Other Governments	Due from Other Funds	Other Receivables	Total Receivables
Governmental funds:					
General Fund	\$ 764,813	\$ 2,863,549	\$ 1,414,037	\$ 28,935	\$ 5,071,334
Debt Service Fund	134,751	-	-	-	134,751
ARP Act ESSER III	-	1,195,783	-	-	1,195,783
Nonmajor Governmental Funds	-	882,891	654,825	-	1,537,716
Total Governmental Funds	\$ 899,564	\$ 4,942,223	\$ 2,068,862	\$ 28,935	\$ 7,939,584

Payables at June 30, 2022, were as follows:

	Accounts Payable	Salaries and Benefits	Due to Other Funds	Due to Other Governments	Total Payables
Governmental funds:					
General Fund	\$ 326,121	\$ 2,761,365	\$ 706,511	\$ 2,123,524	\$ 5,917,521
Debt Service Fund	-	-	192,158	164,374	356,532
ARP Act ESSER III	3,714	182,779	1,009,290	-	1,195,783
Nonmajor Governmental Funds	32,345	228,256	590,219	69,243	920,063
Total Governmental Funds	\$ 362,180	\$ 3,172,400	\$ 2,498,178	\$ 2,357,141	\$ 8,389,899

La Feria Independent School District
Notes to Financial Statements

NOTE 8: CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 2,233,311	\$ -	\$ -	\$ -	\$ 2,233,311
Construction-in-progress	156,985	162,388	-	(156,985)	162,388
Total capital assets not being depreciated	2,390,296	162,388	-	(156,985)	2,395,699
Capital assets, being depreciated					
Building and improvements	61,576,029	1,096,092	-	156,985	62,829,106
Furniture and equipment	7,953,319	1,059,903	-	-	9,013,222
Total capital assets, being depreciated	69,529,348	2,155,995	-	156,985	71,842,328
Less accumulated depreciation for					
Buildings and improvements	25,753,319	1,534,513	-	-	27,287,832
Furniture and equipment	5,877,343	549,122	-	-	6,426,465
Total accumulated depreciation	31,630,662	2,083,635	-	-	33,714,297
Total capital assets being depreciated, net	37,898,686	72,360	-	156,985	38,128,031
Governmental activities capital assets, net	\$ 40,288,982	\$ 234,748	\$ -	\$ -	\$ 40,523,730

Depreciation was charged to the following functions:

Governmental Activities	
11- Instruction	\$ 1,072,547
12- Instructional Resources and Media Services	17,488
13- Curriculum & Instructional Staff Development	11,220
21- Instructional Leadership	56,894
23- School Leadership	109,240
31- Guidance, Counseling and Evaluation Services	48,276
32- Social Work Services	4,554
33- Health Services	28,903
34- Student Transportation	66,327
35- Food Services	122,534
36- Cocurricular/Extracurricular Activities	96,513
41- General Administration	73,084
51- Plant Maintenance and Operations	301,554
52- Security and Monitoring Services	1,572
53- Data Processing Services	53,976
61- Community Services	18,953
Total depreciation expense- governmental activities	\$ 2,083,635

La Feria Independent School District
Notes to Financial Statements

NOTE 9: LONG-TERM OBLIGATIONS

Long-term obligations include bonds payable, maintenance tax notes, property finance contract and financing agreements. Changes in long-term obligations for the period ended June 30, 2022 are as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Unlimited Tax School Refunding Bonds - Series 2014A	\$ 735,000	\$ -	\$ 145,000	\$ 590,000	\$ 175,000
Unlimited Tax School Refunding Bonds - Series 2014B	3,320,000	-	150,000	3,170,000	155,000
Unlimited Tax School Refunding Bonds - Series 2015	4,995,000	-	225,000	4,770,000	240,000
Unlimited Tax School Refunding Bonds - Series 2016	7,010,000	-	300,000	6,710,000	35,000
Unlimited Tax School Refunding Bonds - Series 2017	2,935,000	-	370,000	2,565,000	385,000
Total general obligation bonds	18,995,000	-	1,190,000	17,805,000	990,000
Premium on issuance of bonds	1,630,877	-	191,255	1,439,622	177,227
Limited Tax Refunding bonds - Series 2020	1,212,000	-	38,000	1,174,000	37,000
Property finance contract	418,354	-	205,254	213,100	213,100
Financing agreements	73,441	-	73,441	-	-
Total governmental activities	\$ 22,329,672	\$ -	\$ 1,697,950	\$ 20,631,722	\$ 1,417,327

General Obligation Bonds:

Bonds payable at June 30, 2022 are comprised of the following individual issues:

The District issued \$3,595,000 Series 2014A refunding bonds with interest ranging from 2% to 4% to advance refund \$3,720,000 of the 2005 refunding bonds outstanding. These bonds mature February 15, 2027.	\$ 590,000
The District issued \$3,585,000 Series 2014B refunding bonds with interest ranging from 2% to 4% to advance refund \$3,745,000 of the 2005 school building bonds outstanding. These bonds mature February 15, 2037.	3,170,000
The District issued \$5,310,000 Series 2015 refunding bonds with interest ranging from 2% to 4% to advance refund \$5,595,000 of the 2005 school building bonds outstanding. These bonds mature February 15, 2037.	4,770,000
The District issued \$8,360,000 Series 2016 refunding bonds with interest ranging from 2% to 4% to advance refund \$2,720,000 of the 2006 refunding bonds and \$6,090,000 of the 2008 school building bonds (maturities 2029 through 2038). These bonds mature in 2038.	6,710,000
The District issued \$3,705,000 Series 2017 refunding bonds with interest ranging from 2% to 4% to advance refund \$3,825,000 of the 2008 school building bonds (maturities 2019 through 2028). These bonds mature in 2028.	2,565,000

La Feria Independent School District
Notes to Financial Statements

NOTE 9: LONG-TERM OBLIGATIONS (continued)

The District issued \$1,250,000 Series 2020 limited tax refunding bonds with interest of 1.74% to advance refund the \$1,200,000 of the tax maintenance notes outstanding. These bonds mature in 2034.

1,174,000

\$18,979,000

Other Long-Term Obligations:

A property finance contract originally issued in 2007 was refinanced in 2011 in the amount of \$2,184,499 with interest at 3.823% and a balance as of June 30, 2022 of \$213,200.

The District leased new copiers late in 2018 which resulted in a lease obligation of \$297,202 with interest of 5% and final payment due in 2022. The net book value of the leased assets as of June 30, 2022 amounts to \$0.

In prior years, the District defeased certain outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the respective trust account assets and related liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2022, the following outstanding bonds and notes are considered defeased:

<u>Series</u>	<u>Ending Balance</u>
1997 Building	\$ 525,000
2005 Refunding	590,000
2005 Building	7,520,000
2008 Building	8,930,000
2014 Tax Maintenance Notes	1,065,000
<u>Public Facilities Corporation</u>	
1999	230,000
2002	415,000

Debt service requirements on long-term obligations at June 30, 2022 are as follows:

Year Ending June 30,	General Obligation Bonds		Limited Tax Refunding, Property Finance		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 990,000	\$ 710,700	\$ 37,000	\$ 20,428	\$ 1,027,000	\$ 731,128
2024	1,025,000	671,450	96,000	19,784	1,121,000	691,234
2025	955,000	630,800	95,000	18,113	1,050,000	648,913
2026	1,005,000	593,000	98,000	16,460	1,103,000	609,460
2027	1,040,000	553,200	102,000	55,976	1,142,000	609,176
2028-2032	5,410,000	2,142,600	524,000	11,554	5,934,000	2,154,154
2033-2037	7,380,000	999,200	222,000	-	7,602,000	999,200
Total	\$ 17,805,000	\$ 6,300,950	\$ 1,174,000	\$ 142,315	\$ 18,979,000	\$ 6,443,265

La Feria Independent School District
Notes to Financial Statements

NOTE 9: LONG-TERM OBLIGATIONS (continued)

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2022.

NOTE 10: OTHER LONG-TERM LIABILITIES:

In addition to the long-term debt obligations in Note 9, Note 16: Defined Benefit Pension Plan and Note 17: Defined Other Post Employment Benefit Plans, the District has the following changes in other long-term liabilities for the period ended June 30, 2022 as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Compensated absences	\$ 227,398	\$ 96,045	\$ 46,150	\$ 277,293	\$ 107,917

NOTE 11: REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

During the period ended June 30, 2022, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 4,877,334	\$ 982,114	\$ -	\$ 5,859,448
Food sales	23,715	-	-	23,715
Investment income	16,019	65	-	16,084
Penalties and interest	140,236	23,853	-	164,089
Co-curricular student activities	47,536	-	193,488	241,024
Foundations, Gifts & Bequests	193,816	-	-	193,816
Other	84,967	-	15,062	100,029
Total	\$ 5,383,623	\$ 1,006,032	\$ 208,550	\$ 6,598,205

La Feria Independent School District
Notes to Financial Statements

NOTE 12: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The components of the deferred outflows of resources and deferred inflows of resources in the government-wide and fund level financial statements as of June 30, 2022 are as follows:

	Statement of Net Position	Balance Sheet - Governmental Funds	
	Governmental Activities	General Fund	Debt Service Fund
Deferred outflows of resources:			
Deferred outflows from TRS Pension	\$2,269,147	\$ -	\$ -
Deferred outflows from TRS OPEB	1,640,072	-	-
Deferred charge on refunding	467,006	-	-
Total deferred outflows of resources	\$4,376,225	\$ -	\$ -
Deferred inflows of resources:			
Deferred inflows from TRS Pension	\$5,030,492	\$ -	\$ -
Deferred inflows from TRS OPEB	8,210,730	-	-
Unavailable property taxes	-	764,813	134,751
Total deferred inflows of resources	\$13,241,222	\$ 764,813	\$ 134,751

La Feria Independent School District
Notes to Financial Statements

NOTE 13: GENERAL FUND FEDERAL SOURCE REVENUES

Programs or Source	Assistance Listing Number	Amount
School Breakfast Program	10.553	792,578
National School Lunch Program - Cash Assistance	10.555	1,883,860
National School Lunch Program - Non-cash Assistance	10.555	225,283
Child and Adult Care Food Program	10.558	105,986
SHARS/Medicaid	N/A	714,379
Medicaid Administrative Claim	93.778	33,705
<i>Indirect Costs</i>		
Title I, Part A - Improving Basic Programs	84.010	72,586
Title I, Part C - Migratory Children	84.011	6,999
IDEA - B Formula	84.027	30,181
Career and Technical - Basic Grant	84.048	(19)
Career and Technical - Basic Grant	84.048A	9,907
Special Education - Preschool Grants (IDEA Preschool)	84.173	36
Education for Homeless Children and Youth	84.196	317
Title III, Part A - English Language Acquisition	84.365	2,359
Title II, Part A - Teacher/Principal Training	84.367	6,017
Teacher and School Leader Incentive Grant	84.374	1,780
Student Support and Academic Enrichment Program	84.424	4,472
Education Stabilization Fund (ESF)	84.425D	1,412
Education Stabilization Fund (ESF)	84.425U	700,275
Education Stabilization Fund (ESF)	84.425U	1,441
Epidemiology and Laboratory Capacity for Infectious Diseases (EL	93.323	6,225
Total general fund federal revenue		\$ 4,599,779

NOTE 14: COMMITMENTS AND CONTINGENCIES

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

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

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

**La Feria Independent School District
Notes to Financial Statements**

NOTE 14: COMMITMENTS AND CONTINGENCIES (Continued)

The District has active construction projects as of June 30, 2022. At year-end, the District’s commitments with contractors are as follows:

	Estimated Project Costs	Expended Through June 30, 2022	Amount Committed
Transportation Dept. - Installation of Above Ground Fuel Tank	\$ 270,647	\$ 162,388	\$ 108,259
Transportation Dept. - Purchase Two (2) School Buses	237,850	-	237,850
Technology Dept. - Install Internet Access Points District-Wide	358,878	-	358,878
High School Band Uniforms	174,213	-	174,213
	<u>\$ 1,041,588</u>	<u>\$ 162,388</u>	<u>\$ 879,200</u>

NOTE 15: COMPLIANCE AND ACCOUNTABILITY

a. Finance-Related Legal and Contractual Provisions

In accordance with GASB Codification Section 2300 “Notes to Financial Statements,” violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violations</u>	<u>Action Taken</u>
None noted	None necessary

b. Deficit Fund Balance or Fund Net Position of Individual Funds

The Debt service fund reported a deficit fund balance of \$(243,177). The District intends to address the deficit by making a transfer of funds from its general fund.

NOTE 16: DEFINED BENEFIT PENSION PLAN

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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

La Feria Independent School District
Notes to Financial Statements

NOTE 16: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position

Detail 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/Pages/about/publications.aspx> ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

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

Contributions

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

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

Contribution Rates

	<u>2021</u>	<u>2022</u>
Member	7.70%	8.00%
Non-Employer Contributing Entity (state) (NECE)	7.50%	7.75%
Employer	7.50%	7.75%

**La Feria Independent School District
Notes to Financial Statements**

NOTE 16: DEFINED BENEFIT PENSION PLAN (Continued)

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

Current fiscal year employer contributions	\$ 921,611
Current fiscal year member contributions	\$1,781,688
2021 measurement year NECE on-behalf contributions	\$1,240,705

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.

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

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

**La Feria Independent School District
Notes to Financial Statements**

NOTE 16: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020, rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	1.95% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2120
Inflation	2.30%
Salary Increases	3.05%-9.05% including inflation
Ad hoc post-employment benefit changes	None

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

Discount Rate

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

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

La Feria Independent School District
Notes to Financial Statements

NOTE 16: DEFINED BENEFIT PENSION PLAN (Continued)

The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021 are summarized below:

Asset Class ¹	Target Allocation ²	Long-Term Expected Arithmetic Real Rate Returns ³	Expected Contribution To Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.60%	0.94%
Non - U. S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	-0.20%	0.01%
Absolute Return	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources & Infrastructure	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
Risk Parity			
Risk Parity	8.00%	2.80%	0.28%
Leverage			
Cash	2.00%	-0.70%	-0.01%
Asset Allocattion Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag ⁴			-0.95%
Expected Return	100%	35%	6.90%

¹Absolute Return includes Credit Sensitive Investments.

²Target allocations are based on the FY2021 policy model.

³Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).

⁴The volatility drag results from the conversion between arithmetic and geometric mean returns.

La Feria Independent School District
Notes to Financial Statements

NOTE 16: DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate Sensitivity Analysis

The following table presents the net pension liability of the plan using the discount rate of 7.25%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Proportionate share of the net pension liability	\$8,867,885	\$4,058,234	\$156,147

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

At June 30, 2022, the District reported a liability of \$4,058,234 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$4,058,234
State's proportionate share that is associated with the District	7,403,996
Total	\$11,462,230

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

At August 31, 2021, the employer's proportion of the collective net pension liability was .0159356013% which was a decrease of .0009817612% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

For the year ended June 30, 2022, the District recognized pension expense of \$204,711 and revenue of \$29,600 for support provided by the State.

**La Feria Independent School District
Notes to Financial Statements**

NOTE 16: DEFINED BENEFIT PENSION PLAN (Continued)

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

	Outflows of Resources	Inflows of Resources
Differences between expected and actual actuarial experience	\$6,791	\$285,703
Changes in actuarial assumptions	1,434,506	625,322
Differences between projected and actual investment earnings	-	3,402,776
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	22,452	716,691
Total as of August 31, 2021 measurement date	1,463,749	5,030,492
Contributions paid to TRS subsequent to the measurement date	805,398	-
Total as of fiscal year end	2,269,147	5,030,492

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

Fiscal year ended June 30,	Pension Expense Amount
2023	\$ (658,291)
2024	(693,927)
2025	(947,240)
2026	(1,127,788)
2027	(109,282)
Thereafter	(30,215)

Changes in the net pension liability for the year ended June 30, 2021 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Net Pension Liability	\$ 9,060,594	\$ -	\$5,002,360	\$ 4,058,234

**La Feria Independent School District
Notes to Financial Statements**

NOTE 17: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

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

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

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care’s fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_publications.aspx ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public and 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.

	<u>Medicare</u>	<u>Non-Medicare</u>
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

**La Feria Independent School District
Notes to Financial Statements**

NOTE 17: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (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 upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65 percent of pay. 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.

The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates

	<u>2021</u>	<u>2022</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District’s 2022 FY Employer Contributions	\$ 226,089	
District’s 2022 FY Member Contributions	\$ 145,636	
2021 Measurement Year NECE On-Behalf Contributions	\$ 253,309	

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS Care a monthly surcharge of \$535 per retiree.

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

La Feria Independent School District Notes to Financial Statements

NOTE 17: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions:

Roll Forward

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.

In addition to the Demographic assumptions; salary increases, inflation rates used for members of TRS are identical to the assumptions employed in the August 31, 2021 TRS annual pension actuarial valuation.

Demographic Assumptions

The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of the Teacher Retirement System of Texas (TRS). The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

Mortality Assumptions

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

Election Rates

Normal Retirement - 65 percent participation rate prior to age 65 and 40 percent participation rate after age 65
Pre-65 retirees - 25 percent are assumed to discontinue coverage at age 65.

Health Care Trend Rates

The initial medical trend rates were 8.50 percent for Medicare retirees and 7.10 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 12 years.

**La Feria Independent School District
Notes to Financial Statements**

NOTE 17: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	1.95% as of August 31, 2021
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.
Salary Increases	3.05%-9.05%, including inflation
Ad-hoc Post Employment Benefit Changes	None

A single discount rate of 1.95 percent was used to measure the Total OPEB Liability. There was a decrease of .38 percent in the discount rate since the previous year. The Discount Rate can be found in the 2021 TRS ACFR on page 77. 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 nonemployer 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.

**La Feria Independent School District
Notes to Financial Statements**

NOTE 17: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis.

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

	1% Decrease in Discount Rate <u>(0.95%)</u>	Discount Rate <u>(1.95%)</u>	1% Increase in Discount Rate <u>(2.95%)</u>
District's proportionate share of the Net OPEB Liability	\$11,260,844	\$9,335,566	\$7,820,310

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

	1% Decrease <u>3.25%</u>	Current Healthcare Cost Trend Rate <u>4.25%</u>	1% Increase <u>5.25%</u>
District's proportionate share of the Net OPEB Liability	\$7,561,499	\$9,335,566	\$11,715,924

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.

At June 30, 2022, the District reported a liability of \$9,335,566 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 9,335,566
State's proportionate share that is associated with the District	<u>12,507,579</u>
	<u>\$21,843,145</u>

The net OPEB liability was measured as of August 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of August 31, 2020 rolled forward to August 31, 2021. 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, 2020 through August 31, 2021.

**La Feria Independent School District
Notes to Financial Statements**

NOTE 17: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

At August 31, 2021 the employer’s proportion of the collective net OPEB liability was .0242014130% which is a decrease of 0.0012433530% from its proportion measured as of August 31, 2020.

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

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

Changes in Benefit Terms – There were no changes in benefit terms since the prior measurement date.

For the year ended June 30, 2022, the District recognized OPEB expense of (\$1,070,171) and revenue of (\$461,625) for support provided by the State.

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

	Outflows of Resources	Inflows of Resources
Differences between expected and actual economic experience	\$ 401,940	\$ 4,519,067
Changes in actuarial assumptions	1,034,024	1,974,300
Difference between projected and actual investment earnings	10,136	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	25	1,717,363
Total as of August 31, 2021 measurement date	1,446,125	8,210,730
Contributions paid to TRS subsequent to the measurement date	193,947	-
Total	\$ 1,640,072	\$ 8,210,730

La Feria Independent School District
Notes to Financial Statements

NOTE 17: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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:

Years Ended June 30:	OPEB Expense Amount
2022	\$ (1,248,305)
2023	(1,248,534)
2024	(1,248,471)
2025	(1,002,738)
2026	(670,051)
Thereafter	(1,346,506)

Changes in the net OPEB liability for the year ended June 30, 2022 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Net OPEB Liability	\$ 9,672,705	\$ -	\$ 337,139	\$ 9,335,566

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

Fiscal Year	Medicare Part D
2022	\$ 98,777
2021	95,932
2020	94,122

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

La Feria Independent School District Notes to Financial Statements

NOTE 18: 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 for which the District carries commercial insurance. In addition, the District is a member of the Texas Association of School Boards Joint Account Self-Insurance Fund (Fund). The Fund was created to formulate, develop and administer a program of modified self-funding for the property and/or liability coverage for its membership, provide claims administration, and develop a comprehensive loss control program. The District pays contributions to the Fund for its general and legal liability, workers compensation, unemployment compensation, auto liability and auto physical damage coverage. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide, through commercial companies, reinsurance contracts. There were no significant reductions in coverage in the past fiscal year.

Health Coverage

The District provides the employees with a health insurance plan. The District paid premiums of \$353 per month per employee, and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to South Texas Health Cooperative which was formed in 1999 by several school districts. The cooperative is governed by a board of directors composed of the superintendents of the member districts. Claims are processed by TPA Marpai Health and reinsurance has been obtained for specific claims in excess of \$300,000 with no aggregate limit through Swiss RE. If the cooperative ceases to exist or the District decides not to participate, the District will be responsible for any unpaid claims for its employees. The monthly premium paid by the District per employee for the 2021-2022 school year remained the same at \$353.

NOTE 19: FUND BALANCES AND NET POSITION

The District has classified its fund balances with the following hierarchy as of June 30, 2022:

Nonspendable: The District has inventories of \$56,711.

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

Restricted for Federal and State Programs— Federal laws, Texas statutes and local ordinances require that certain revenues be specifically designed for the purposes of federal and state programs and debt service. The funds have been included in the restricted category of fund balance.

Committed for Campus Activity Funds – the School Board has taken action to commit the fund balance in the campus activity fund to the respective campus.

Unassigned – The unassigned fund balance has no constraints.

La Feria Independent School District
Notes to Financial Statements

NOTE 19: FUND BALANCES AND NET POSITION (Continued)

	General Funds	Debt Service Fund	Other Governmental Funds <u>Other Funds</u>	Total Governmental Funds
Fund Balance				
Nonspendable fund balance:				
Inventories	\$ 56,711	\$ -	\$ -	\$ 56,711
Prepaid items	-	-	-	-
Restricted fund balance:				
Retirement of long-term debt	-	-	-	-
Committed fund balance				
Other committed fund balance	-	-	200,942	200,942
Unassigned fund balance	9,937,715	(243,177)	-	9,694,538
Total fund balances	\$ 9,994,426	\$ (243,177)	\$ 200,942	\$ 9,952,191

	Governmental Activities
Net Position	
Net investment in capital assets:	
Capital assets, net of accumulated depreciation	\$ 40,523,730
Less related liabilities	(20,631,722)
Less unamortized charges	467,006
Total net investment in capital assets	20,359,014
Unrestricted (deficit) net position	(12,431,964)
Total net position	\$ 7,927,050

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 5,039,982	\$ 5,039,982	\$ 5,383,623	\$ 343,641
5800	State Program Revenues	27,890,018	27,890,018	26,134,071	(1,755,947)
5900	Federal Program Revenues	2,920,000	2,920,000	4,599,779	1,679,779
5020	Total Revenues	35,850,000	35,850,000	36,117,473	267,473
EXPENDITURES:					
Current:					
0011	Instruction	17,198,742	17,887,096	17,424,731	462,365
0012	Instructional Resources and Media Services	363,209	363,209	340,361	22,848
0013	Curriculum and Instructional Staff Development	137,320	172,320	131,146	41,174
0021	Instructional Leadership	1,088,014	1,088,014	915,459	172,555
0023	School Leadership	2,100,792	2,100,792	2,003,774	97,018
0031	Guidance, Counseling, and Evaluation Services	899,181	899,181	850,429	48,752
0032	Social Work Services	5,300	5,300	2,259	3,041
0033	Health Services	304,056	319,056	229,855	89,201
0034	Student (Pupil) Transportation	1,160,462	760,462	610,249	150,213
0035	Food Services	2,269,800	2,269,800	2,446,973	(177,173)
0036	Extracurricular Activities	1,921,872	2,017,712	1,898,578	119,134
0041	General Administration	1,244,825	1,431,471	1,431,174	297
0051	Facilities Maintenance and Operations	5,290,611	4,185,772	3,929,998	255,774
0052	Security and Monitoring Services	35,000	35,000	30,722	4,278
0053	Data Processing Services	1,125,966	1,300,966	976,987	323,979
0061	Community Services	41,450	41,450	34,138	7,312
Debt Service:					
0071	Principal on Long-Term Liabilities	368,400	368,400	316,667	51,733
0072	Interest on Long-Term Liabilities	-	-	45,799	(45,799)
Capital Outlay:					
0081	Facilities Acquisition and Construction	200,000	1,370,000	1,258,480	111,520
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	5,000	5,000	-	5,000
0099	Other Intergovernmental Charges	90,000	90,000	76,645	13,355
6030	Total Expenditures	35,850,000	36,711,001	34,954,424	1,756,577
1200	Net Change in Fund Balances	-	(861,001)	1,163,049	2,024,050
0100	Fund Balance - July 1 (Beginning)	-	8,831,377	8,831,377	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ 7,970,376	\$ 9,994,426	\$ 2,024,050

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

	Measurement Year Ended August 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0159356013%	0.0169173625%	0.0173700019%	0.0174586574%	0.0185185195%	0.0188397011%	0.0193039000%	0.0112716000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,058,234	\$ 9,060,594	\$ 9,029,470	\$ 9,609,669	\$ 5,921,225	\$ 7,119,243	\$ 6,823,672	\$ 3,010,800
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	7,403,996	16,963,470	16,386,651	19,133,402	11,841,829	14,416,244	13,900,128	11,676,975
Total	<u>\$ 11,462,230</u>	<u>\$ 26,024,064</u>	<u>\$ 25,416,121</u>	<u>\$ 28,743,071</u>	<u>\$ 17,763,054</u>	<u>\$ 21,535,487</u>	<u>\$ 20,723,800</u>	<u>\$ 14,687,775</u>
District's Covered Payroll	\$ 21,635,375	\$ 22,881,809	\$ 21,505,858	\$ 21,838,136	\$ 22,240,488	\$ 21,926,324	\$ 21,183,150	\$ 20,314,011
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	18.76%	39.60%	41.99%	44.00%	26.62%	32.47%	32.21%	14.82%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LA FERIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2022

	Fiscal Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 921,611	\$ 673,886	\$ 687,052	\$ 505,094	\$ 590,609	\$ 606,319	\$ 598,585	\$ 571,598
Contribution in Relation to the Contractually Required Contributor	<u>(921,611)</u>	<u>(673,886)</u>	<u>(687,052)</u>	<u>(505,094)</u>	<u>(590,609)</u>	<u>(606,319)</u>	<u>(598,585)</u>	<u>(576,173)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,575)</u>
District's Covered Payroll	\$ 22,402,489	\$ 21,733,986	\$ 22,679,406	\$ 18,028,259	\$ 21,838,136	\$ 22,240,488	\$ 21,926,324	\$ 21,183,150
Contributions as a percentage of Covered Payroll	4.11%	3.10%	3.03%	2.81%	2.70%	2.73%	2.73%	2.70%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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

	Measurement Year Ended August 31,				
	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0242014130%	0.0254447660%	0.0257832916%	0.0269436973%	0.0280703378%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 9,335,566	\$ 9,672,705	\$ 12,193,234	\$ 13,453,235	\$ 12,206,737
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	<u>12,507,579</u>	<u>12,997,796</u>	<u>16,202,081</u>	<u>18,194,216</u>	<u>16,689,527</u>
Total	<u>\$ 21,843,145</u>	<u>\$ 22,670,501</u>	<u>\$ 28,395,315</u>	<u>\$ 31,647,451</u>	<u>\$ 28,896,264</u>
District's Covered Employee Payroll	\$ 21,635,375	\$ 22,881,809	\$ 21,505,858	\$ 21,838,136	\$ 22,240,488
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Employee Payroll	43.15%	42.27%	56.70%	61.60%	54.89%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	6.18%	4.99%	2.66%	1.57%	0.91%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LA FERIA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED JUNE 30, 2022

	Fiscal Year Ended June 30,				
	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 226,089	\$ 188,316	\$ 192,070	\$ 152,041	\$ 185,873
Contribution in Relation to the Contractually Required Contribution	<u>(226,089)</u>	<u>(188,316)</u>	<u>(192,070)</u>	<u>(152,041)</u>	<u>(185,873)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 22,402,489	\$ 21,733,986	\$ 22,679,406	\$ 18,028,259	\$ 21,838,136
Contributions as a percentage of Covered Payroll	1.01%	0.87%	0.85%	0.84%	0.85%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

La Feria Independent School District Notes to Required Supplementary Information

I. Budgetary Information

The Board adopts an “appropriated budget” on a basis consistent with GAAP for the general fund, child nutrition and debt service fund. At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these two funds. The District does not legally adopt a budget for the ARP ESSER III.

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

- Prior to June 20 for a fiscal year start date of July 1, the District prepares a budget based on the modified zero-based budgeting concept for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- After one or more budget workshops with the Board, a meeting is called for the purpose of adopting the proposed budget. At least ten days but not more than 30 days public notice of the meeting is required.
- Prior to June 30 for a fiscal year start date of July 1, the Board legally adopts the budget for the general fund and debt service fund.
- After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and are reflected in the official minutes. Only one budget amendment was necessary during the current fiscal year.
- Expenditure budgets are controlled at the expenditure functional and object level by the appropriate administrator. Transfers may be authorized within functional and organizational categories that do not affect the total functional and organizational appropriation. All budget appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding are cancelled at the end of the year.

II. Pension

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

Changes of assumptions – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

III. Other Post-Employment Benefits (OPEB)

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

Changes of assumptions – The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period:

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

TEXAS EDUCATION AGENCY

REQUIRED SCHEDULES

LA FERIA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED JUNE 30, 2022

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2013 and prior years	Various	Various	\$ Various
2014	1.170000	0.129100	374,670,030
2015	1.170000	0.129100	347,382,936
2016	1.170000	0.129100	348,274,281
2017	1.170000	0.129100	377,980,359
2018	1.170000	0.129100	384,577,869
2019	1.170000	0.129100	394,664,074
2020	1.068400	0.186000	443,528,985
2021	1.030700	0.177500	473,737,890
2022 (School year under audit)	0.960300	0.195400	545,840,620
1000 TOTALS			

(10) Beginning Balance 7/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2022
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
219,190	-	7,528	1,751	(16,698)	193,213
29,229	-	4,470	493	(176)	24,090
42,708	-	6,563	724	(185)	35,236
47,400	-	9,180	1,013	(174)	37,033
57,852	-	19,730	2,177	596	36,541
81,430	-	29,275	3,230	465	49,390
123,106	-	37,411	6,513	(16,297)	62,885
276,674	-	105,228	18,118	(39,211)	114,117
-	6,216,060	4,774,491	971,738	(94,950)	374,881
<u>\$ 877,589</u>	<u>\$ 6,216,060</u>	<u>\$ 4,993,876</u>	<u>\$ 1,005,757</u>	<u>\$ (166,630)</u>	<u>\$ 927,386</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 105,000	\$ 105,000	\$ 24,269	\$ (80,731)
5800 State Program Revenues	75,000	75,000	75,055	55
5900 Federal Program Revenues	2,370,000	2,370,000	3,007,707	637,707
5020 Total Revenues	<u>2,550,000</u>	<u>2,550,000</u>	<u>3,107,031</u>	<u>557,031</u>
EXPENDITURES:				
Current:				
0035 Food Services	2,269,800	2,269,800	2,446,973	(177,173)
0051 Facilities Maintenance and Operations	277,200	277,200	209,332	67,868
Debt Service:				
0071 Principal on Long-Term Liabilities	3,000	3,000	1,104	1,896
0072 Interest on Long-Term Liabilities	-	-	1,723	(1,723)
6030 Total Expenditures	<u>2,550,000</u>	<u>2,550,000</u>	<u>2,659,132</u>	<u>(109,132)</u>
1200 Net Change in Fund Balances	-	-	447,899	447,899
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,899</u>	<u>\$ 447,899</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 999,500	\$ 999,500	\$ 1,006,032	\$ 6,532
5800 State Program Revenues	949,300	949,300	660,818	(288,482)
5020 Total Revenues	1,948,800	1,948,800	1,666,850	(281,950)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	1,948,800	1,948,800	1,190,000	758,800
0072 Interest on Long-Term Liabilities	-	-	755,300	(755,300)
0073 Bond Issuance Cost and Fees	-	-	1,850	(1,850)
6030 Total Expenditures	1,948,800	1,948,800	1,947,150	1,650
1200 Net Change in Fund Balances	-	-	(280,300)	(280,300)
0100 Fund Balance - July 1 (Beginning)	-	37,123	37,123	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 37,123	\$ (243,177)	\$ (280,300)

LA FERIA INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2022

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	3,827,362
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	2,035,131

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.	225,630
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	215,292

SINGLE AUDIT SECTION

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

To the Board of Trustees
La Feria Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the La Feria Independent School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the La Feria Independent School District's basic financial statements, and have issued our report thereon dated November 17, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the La Feria Independent School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the La Feria Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the La Feria 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 weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the La Feria 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*.

La Feria Independent School District's Response to Findings

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

Purpose of this Report

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

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

Harlingen, Texas
November 17, 2022

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**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
La Feria Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the La Feria 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 the La Feria Independent School District’s major federal programs for the year ended June 30, 2022. The La Feria 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, the La Feria 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, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the La Feria 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 the La Feria 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 the La Feria Independent School District’s federal programs.

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Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the La Feria 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 the La Feria 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 include examining, on a test basis, evidence regarding the La Feria 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 the La Feria 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 the La Feria 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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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.

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

Harlingen, Texas
November 17, 2022

**La Feria Consolidated Independent School District
Schedule of Findings and Questioned Costs**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiencies identified that are not considered to be material weaknesses?

_____ yes X no

 X yes _____ none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiencies identified that are not considered to be material weakness(es)?

_____ yes X no

_____ yes X none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

10.553 and 10.555
84.425

Child Nutrition Cluster
COVID-19 Education Stabilization Fund

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

\$750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

La Feria Consolidated Independent School District Schedule of Findings and Questioned Costs

SECTION II – Findings Related to the Financial Statement Audit as Required to Be Reported in Accordance with Generally Accepted Auditing Standards.

2022-001: Schedule of Expenditures of Federal Awards

Criteria: 2 CFR 200.510(b) requires the auditee to prepare a schedule of expenditures of federal awards for the period covered by the auditee’s financial statements which must include the total federal awards expended as determined in accordance with 2 CFR 200.502 and reflect accurate Assistance Listing numbers.

Condition: The District did not comply with the requirement to prepare an accurate Schedule of Expenditures of Federal Awards and ensure the amounts on the federal expenditures for all programs are correct.

Cause: The amounts related to the CTE Perkins grant (Assistance Listing Number 84.048 – pass through number 214200287110011) were erroneously budgeted as State revenue, therefore, these amounts were excluded from the presentation of the schedule of expenditures of federal awards.

Effect: Schedule of Expenditures of Federal Awards as of year-end did not present the amounts of CTE Perkins grant (Assistance Listing Number 84.048 – pass through number 214200287110011) information and program balance accurately.

Recommendation: The District should improve its financial reporting close process to review the schedule of expenditures of federal awards and grant agreements to ensure all federal awards are included and expenditures are reported in the appropriate fiscal year.

Management Response: Management agrees with the finding. See “Corrective action Plan” section.

SECTION III – Federal Award Findings and Questioned Costs

None noted that were required to be reported.

**La Feria Consolidated Independent School District
Schedule of Findings and Questioned Costs
Summary Schedule of Prior Audit Findings**

None noted that were required to be reported.



La Feria Independent School District

P.O. Box 1159 • 203 E. Oleander Ave. • La Feria, Texas 78559 • (956) 797-8300 • FAX (956) 797-3737

Cynthia A. Torres, Superintendent

Schedule of Findings and Questioned Costs Corrective Action Plan

*La Feria I.S.D.
School Board*

DESCRIPTION

Reference Number (2022-001)

Management agrees with the finding. The Finance Department will implement year end closing processes for the preparation of the schedule of expenditures awards and grant agreements to ensure all federal awards are included and reported in the appropriate fiscal year.

*Lisa Montalvo
President*

*Ruben Zambrano
Vice-President*

Contact Person:

Alex Cespedes, CFO

Implementation Time Frame:

June 30, 2023

*Jane Castillo
Secretary*

*Juan Briones
Member*

*Gloria Casas
Member*

*Katie Johnson
Member*

*Alma Martinez
Member*

La Feria Consolidated Independent School District Schedule of Expenditures of Federal Awards Exhibit K-1

For the Year Ended June 30, 2022

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) Assistance Listing Number	(3) Pass-through Entity Identifying Number	(4) Provided to Subrecipients	(5) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<u>Passed Through the State Department of Agriculture</u>				
Child Nutrition Cluster				
*School Breakfast Program	10.553	71402201	-	\$ 792,578
*National School Lunch Program - Cash Assistance	10.555	71302201	-	1,693,266
*National School Lunch Program - Noncash Assistance	10.555	Unknown	-	225,283
*COVID-19 National School Lunch Program	10.555	Unknown	-	190,594
Total Child Nutrition Cluster			-	2,901,721
Child and Adult Care Food Program	10.558	Unknown	-	105,986
Total Passed Through State Department of Agriculture			-	3,007,707
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	3,007,707
U.S. DEPARTMENT OF EDUCATION				
<u>Passed Through State Department of Education</u>				
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	22610101031905	-	1,388,956
Migrant Education-State Grant Program (Title I, Part C of the ESEA)	84.011	22615001031905	-	133,856
Special Education Cluster				
*Special Education - Grants to States (IDEA, Part B)	84.027	226600010319056000	-	577,508
*Special Education - Preschool Grants (IDEA Preschool)	84.173	226610010319056000	-	687
Total Special Education Cluster			-	578,195
Career and Technical Education - Basic Grants to States (Perkins V)	84.048	22420006031905	-	21,794
Career and Technical Education - Basic Grants to States (Perkins V)	84.048	214200287110011	199,826	458,796
Total Career and Technical Education - Basic Grants to States (Perkins V)			199,826	480,590
Education for Homeless Children and youth	84.196	224600057110026	-	6,070
English Language Acquisition State Grants	84.365	22671001031905	-	45,152
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	22694501031905	-	115,286
Grants for State Assessments and Related Activities	84.369	Unknown	-	1,475
Student Support and Academic Enrichment Program	84.424	22680101031905	-	85,427
COVID-19 Education Stabilization Fund (ESF)	84.425U	21528001031905	-	7,268,891
COVID-19 Education Stabilization Fund (ESF)	84.425U	21528042031905	-	14,039
COVID-19 Education Stabilization Fund (ESF)	84.425D	21521001031905	-	88,093
Total COVID-19 Education Stabilization Fund (ESF)			-	7,371,023
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	HHS001114100001	-	119,297
Total Passed Through State Department of Education			199,826	10,325,327
<u>Passed Through Region One ESC</u>				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Unknown	-	79,582
Teacher and School Leader Incentive Grants (formerly Teacher Incentive Fund)	84.374	Unknown	-	33,896
Total Passed Through Region One ESC			-	113,478
TOTAL U.S. DEPARTMENT OF EDUCATION			199,826	10,438,805

**La Feria Consolidated Independent School District
Schedule of Expenditures of Federal Awards
Exhibit K-1 (Continued)**

For the Year Ended June 30, 2022

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) Assistance Listing Number	(3) Pass-through Entity Identifying Number	(4) Provided to Subrecipients	(5) Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>Passed Through Texas Health and Human Services Commission</u>				
* Medicaid Cluster				
Medical Assistance Program	93.778	Unknown	-	33,705
Total Medicaid Cluster			-	33,705
Total Passed Through Texas Health and Human Services Commission			-	33,705
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	33,705
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 199,826	\$ 13,480,217

**La Feria Independent School District
Notes on Accounting Policies for Federal Awards**

Exhibit K-2

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of La Feria Independent School District and is presented on the modified accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

NOTE 2 – PROGRAM REPORTING

SHARS, MAC and \$843,987 of indirect cost are accounted for in the general fund. The National School Lunch Program, School Breakfast Program Commodity Supplemental Food Program, and Child and Adult Care Food Program are accounted for in the Child Nutrition Program. Expenditures are not specifically attributable to these revenues and are shown on this schedule in an amount equal to revenue for balancing purposes only.

Reconciliation

Total expenditures of federal awards, per Exhibit K-1	\$13,480,217
General fund – Federal Revenue	
School Health and Related Services (SHARS) revenue	714,380
Total Federal Revenues, per Exhibit C-3	<u>\$14,194,597</u>

NOTE 3 – SUB-RECIPIENTS

Of the federal expenditures presented in the schedule, the District provided federal awards to sub-recipients as follows:

Federal Program title	Assistance Listing Number	Amount passed through to sub- recipients
Career and Technical Education – Basic Grants to States (Perkins V)	84.048	\$199,826

NOTE 4 – FEDERAL LOANS AND LOAN GUARANTEES

During the year ended June 30, 2022, the District had no outstanding federal loans payable or loan guarantees.

NOTE 5 – FEDERALLY FUNDED INSURANCE

During the year ended June 30, 2022, the District had no federally funded insurance.

**La Feria Independent School District
Notes on Accounting Policies for Federal Awards**

Exhibit K-2

NOTE 6 – NONCASH AWARDS

During the year ended June 30, 2022, the District received \$225,283 of federal awards in the form of noncash assistance.

NOTE 7 – INDIRECT COST RATE

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

SCHOOLS FIRST QUESTIONNAIRE

La Feria Independent School District

Fiscal Year 2022

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	0