

**LA FERIA  
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL  
AND  
COMPLIANCE REPORT

JUNE 30, 2021



**La Feria Independent School District  
Board of Trustees  
June 30, 2021**

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Dr. Cathy Lee Hernandez

**CHIEF FINANCIAL OFFICER**

Antonio Aguilar





**La Feria Independent School District**  
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**June 30, 2021**

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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, 2021 at a meeting of the board of school trustees of such school district on the 18th day of November, 2021.

  
\_\_\_\_\_  
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 Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

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## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the La Feria Independent School District as of June 30, 2021, 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.

## ***Emphasis of Matter***

As described in Note 2 to the financial statements, the prior year financial statements have been restated in the amount of \$2,114,930 in the custodial funds related to the implementation of GASB Statement No. 84 Fiduciary Activities. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison 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 11-20 and 63-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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.

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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.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021, 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 the La Feria Independent School District's internal control over financial reporting and compliance.

*Cary Riggs & Ingram, L.L.C.*

Harlingen, Texas  
November 18, 2021

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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, 2021. 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 2020-2021 brought with it an extension of uncertainties related to COVID-19. Although the District's doors were open to all students, many parents chose to keep their students at home due to the risk of COVID infection. Attendance was a hybrid of face to face and remote instruction. This hybrid learning environment made it challenging to provide and track instructional programs.

Late in the year, the District was notified it would receive \$11.8 million in ARP (American Rescue Plan) ESSER III (Elementary & Secondary Emergency Relief) Funds as well as \$5.3 million in CRRSA (Coronavirus Response and Relief Supplemental Appropriations Act) ESSER II. These funds are intended to help mitigate the repercussions of COVID-19. The new funding will be budgeted and used during the following fiscal years: ESSER II will be used during 2021-2023 and ESSER III will be used during 2021-2024.

ESSER III requires that 20% of the funds awarded be used for learning loss initiatives. ESSER II does not include this requirement. However, ESSER II funds are to be used to bridge the gap between the state's hold harmless ADA threshold and actual ADA, if any. Based on TEA's hold harmless calculations, La Feria ISD's ADA held above the hold harmless threshold. Therefore, all \$5.3 million will be used to supplement the District's instructional programs and operating costs.

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent period by \$3,669,578 (net position), which was an increase from the prior year of \$1,824,287. The increase was primarily due to a reduction in the instructional expenses of the District.

At the end of the current fiscal period, the District reported an ending fund balance in its general fund of \$8,831,377 which is an increase of \$1,699,373 from last year. There were increases in both local and state revenues but the largest impact was a reduction in total expenditures of over \$1,000,000 spread across all functions.

The District's current and delinquent property tax collections were in excess of the levy for the 2020 tax year. The District's Debt Service fund reported a fund balance of \$37,123.

The District received an "A-Superior" rating for the Financial Integrity System of Texas (FIRST) for 2020-2021 as well as for 2019-2020 which is a higher rating than the "C – Meets Standard" rating received for 2018-2019. The FIRST rating evaluates quality of performance in the management of the school district's financial resources. The ratings for each year are based on the prior school year's data.

# La Feria Independent School District Management's Discussion and Analysis

## 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.

### 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.)

## La Feria Independent School District Management's Discussion and Analysis

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.

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 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.

*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.

# La Feria Independent School District Management's Discussion and Analysis

## ***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.

### **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, 2021, the District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$3,669,578 which was an increase from last year.

## La Feria Independent School District Management's Discussion and Analysis

**Table I  
Net Position Summary**

	Governmental Activities	
	June 30,	June 30,
	2021	2020
<b>Assets</b>		
Current and other assets	\$ 13,530,229	\$ 12,583,874
Capital assets	40,288,982	41,195,519
<b>Total assets</b>	<b>53,819,211</b>	53,779,393
Deferred outflows of resources	4,993,134	6,230,340
<b>Liabilities</b>		
Current liabilities	5,564,677	6,212,079
Long-term liabilities	20,958,034	22,446,093
Net pension liabilities	9,060,594	9,029,470
Net OPEB liabilities	9,672,705	12,193,234
<b>Total liabilities</b>	<b>45,256,010</b>	49,880,876
Deferred inflows of resources	9,886,757	8,283,566
<b>Net position</b>		
Net investment in capital assets	18,490,971	17,792,901
Restricted	37,123	220,350
Unrestricted	(14,858,516)	(16,167,960)
<b>Total net position</b>	<b>\$ 3,669,578</b>	\$ 1,845,291

As depicted in Table I, a significant portion of the District's net position, \$18,490,971, 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. An additional portion of the District's net position, \$37,123, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$(14,858,516) 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 \$1,824,287.

## La Feria Independent School District Management's Discussion and Analysis

**Table II  
Changes in Net Position**

	Governmental Activities	
	June 30, 2021	June 30, 2020
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 129,701	\$ 331,646
Operating grants and contributions	8,693,347	10,130,694
General revenues		
Property taxes	5,559,600	5,458,512
State and other grants	27,839,693	27,176,740
Investment earnings	5,274	116,891
Other	313,492	55,960
	<b>\$ 42,541,107</b>	<b>\$ 43,270,443</b>
<b>Expenses</b>		
Instruction	\$ 21,520,419	\$ 22,741,781
Instruction resources and media services	362,669	351,653
Curriculum and staff development	118,886	301,192
Instructional leadership	981,236	1,188,492
School leadership	2,567,089	2,661,180
Guidance, counseling and evaluation services	1,022,580	1,053,268
Social work services	81,530	112,524
Health services	369,662	350,504
Student (pupil) transportation	1,206,421	1,198,594
Food services	2,324,156	2,566,815
Extracurricular activities	1,504,874	2,076,496
General administration	1,543,755	1,559,217
Facilities maintenance and operations	5,223,348	5,107,492
Security and monitoring services	87,712	105,015
Data processing services	769,876	665,773
Community services	261,364	306,839
Debt service	688,579	784,590
Other governmental charges	82,664	67,897
Total expenses	<b>40,716,820</b>	<b>43,199,322</b>
Change in net position	<b>1,824,287</b>	<b>71,121</b>
Beginning net position	<b>1,845,291</b>	<b>2,958,781</b>
Prior Period Adjustment	-	<b>(1,184,611)</b>
Beginning net position, as restated	<b>1,845,291</b>	<b>1,774,170</b>
Ending net position	<b>\$ 3,669,578</b>	<b>\$ 1,845,291</b>

The District's total revenues were \$42,541,107. A significant portion, 85.9%, of the District's revenue comes from state aid – formula grants and operating grants, 13.1% comes from taxes, while 1.0% 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 \$1.2544 to \$1.2082 per \$100 of taxable property value.
- Average daily attendance (ADA) increased from the prior year to the current year due from 2771.216 to 2867.305.

The total cost of all programs and services was \$40,716,820; 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 \$40,716,820.
- However, the amount that our taxpayers paid for these activities through property taxes was \$5,559,600.
- Some of the cost was paid by those who directly benefited from the programs (\$129,701) or by grants and contributions (\$8,693,347.)

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

	Total Cost of Services			%	Net Cost of Services		
	June 30, 2021	June 30, 2020	%		June 30, 2021	June 30, 2020	%
Instruction	\$ 21,520,419	\$ 23,394,626	-8%	\$ 16,339,558	\$ 17,522,981	-7%	
School administration	2,567,089	2,661,180	-4%	2,321,848	2,212,373	5%	
Food services	2,324,156	2,566,815	-9%	462,142	254,764	81%	
Plant maintenance and operations	5,223,348	2,566,815	103%	4,968,633	4,811,337	3%	
Debt service - interest	687,129	741,505	-7%	687,129	741,505	-7%	

### 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, 2021, the District's governmental funds reported a combined ending fund balance of \$9,017,375, an increase of \$1,589,807 from last year. Of the total fund balance, \$8,660,131, or approximately 96%, constitutes unassigned fund balance. The remainder of fund balance is nonspendable, restricted, 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, 2021	June 30, 2020
<b>Nonspendable</b>		
Inventories	\$ 96,814	\$ 105,240
Prepaid items	74,432	61,432
<b>Restricted</b>		
Grant funds	-	57,805
Debt service	37,123	162,545
<b>Committed</b>		
Campus activity funds	148,875	133,019
<b>Unassigned</b>		
Unassigned	8,660,131	6,907,527
<b>Total fund balances</b>	<b>\$ 9,017,375</b>	<b>\$ 7,427,568</b>

### General Fund Budgetary Highlights

Over the course of the year, the District revised its budget twice. Actual expenditures were \$2,099,822 below final budget amounts with no functions exceeding the approved budget amounts. The budget amendment reallocated amounts between functions based upon revised needs identified during the year with a dual learning environment (remote and in class) with an increased emphasis on a healthy classroom environment for those students attending school in person.

The District's General Fund fund balance of \$8,831,377 differs from the final budgetary fund balance of \$6,344,004 reported in the budgetary comparison statement due to the net effect of favorable and unfavorable variances as explained below:

- Revenues realized were \$387,551 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 \$2,099,822 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 2021, the District had invested \$40,288,593 in a broad range of capital assets, including land, buildings and improvements and equipment.

**Table V  
Capital Asset Summary**

	Governmental Activities	
	June 30, 2021	June 30, 2020
Land	\$ 2,233,311	\$ 2,233,311
Buildings and improvements	61,576,029	60,713,093
Equipment	7,669,148	7,550,109
Leased property under capital lease	284,171	284,171
Construction in progress	156,985	-
<b>Totals at historical cost</b>	<b>71,919,644</b>	70,780,684
<b>Total accumulated depreciation</b>	<b>31,631,051</b>	29,585,165
<b>Net capital assets</b>	<b>\$ 40,288,593</b>	\$ 41,195,519

#### Long-term Liabilities

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

**Table VI  
Long-term Liabilities Outstanding**

	Governmental Activities	
	June 30, 2021	June 30, 2020
Bonds payable	\$ 20,207,000	\$ 21,400,000
Property finance contract	418,354	616,050
Premium on issuance of bonds	1,630,877	1,838,219
Capital lease obligation	73,441	149,817
<b>Long-term debt</b>	<b>\$ 22,329,672</b>	\$ 24,004,086

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 2021-2022 budget preparation is the certified estimate of \$539,320,818 an increase of 12% from last year's certified estimate.
- The tax rate for the upcoming year of 2021-2022 has decreased. Our M&O rate is now 0.9603 (down from 1.0307) due to the state's compression required in House Bill 3. The I&S rate is now .195447 (up from .1775) per \$100 of valuation. We reached out to Moak Casey & Associates to help us set the I&S tax rate. They calculated a rate they estimate will help us meet our annual obligation while maximizing state aid.
- General operating fund spending per student in the 2021-2022 budget decreased from \$12,990 to \$11,459.
- The District's 2021-2022 refined average daily attendance has continued to decrease. However, we do expect that trend to flatten out or reverse. We are aware of several new subdivisions under construction within the District that will hopefully provide additional ADA during the next two years. We continue to monitor our staffing and our budget closely to make sure we stay within our limits.
- The award of ESSER II & III will definitely help us in the 2021-2022 and through the 2023-2024 school years to address many District needs that had previously been on hold or had been addressed piecemeal due to lack of funds. ESSER funds will also help us build up our fund balance to address unforeseen circumstances beyond the ESSER program years.

These indicators were taken into account when adopting the general fund budget for 2021-2022.

### 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, 2021

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 330,288
1120 Current Investments	7,957,539
1220 Property Taxes - Delinquent	877,589
1230 Allowance for Uncollectible Taxes	(26,327)
1240 Due from Other Governments	4,200,757
1267 Due from Fiduciary Funds	225
1290 Other Receivables, Net	18,912
1300 Inventories	96,814
1410 Prepayments	74,432
Capital Assets:	
1510 Land	2,233,311
1520 Buildings and Improvements, Net	35,822,710
1530 Furniture and Equipment, Net	2,011,629
1550 Leased Property Under Capital Leases, Net	64,347
1580 Construction in Progress	156,985
1000 Total Assets	53,819,211
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	531,661
1705 Deferred Outflow Related to TRS Pension	3,198,306
1706 Deferred Outflow Related to TRS OPEB	1,263,167
1700 Total Deferred Outflows of Resources	4,993,134
<b>LIABILITIES</b>	
2110 Accounts Payable	170,270
2140 Interest Payable	304,049
2150 Payroll Deductions and Withholdings	198,810
2160 Accrued Wages Payable	2,855,441
2177 Due to Fiduciary Funds	18,911
2180 Due to Other Governments	381,095
2300 Unearned Revenue	37,065
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,599,036
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	20,958,034
2540 Net Pension Liability (District's Share)	9,060,594
2545 Net OPEB Liability (District's Share)	9,672,705
2000 Total Liabilities	45,256,010
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	1,587,578
2606 Deferred Inflow Related to TRS OPEB	8,299,179
2600 Total Deferred Inflows of Resources	9,886,757
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	18,490,971
3850 Restricted for Debt Service	37,123
3900 Unrestricted	(14,858,516)
3000 Total Net Position	\$ 3,669,578

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, 2021

Data Control Codes	1	Program Revenues		6 Primary Gov. Governmental Activities	
		3 Charges for Services	4 Operating Grants and Contributions		
	Expenses			Net (Expense) Revenue and Changes in Net Position	
<b>Primary Government:</b>					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 21,520,419	\$ 28,419	\$ 5,152,442	\$ (16,339,558)
12	Instructional Resources and Media Services	362,669	-	20,907	(341,762)
13	Curriculum and Instructional Staff Development	118,886	-	42,221	(76,665)
21	Instructional Leadership	981,236	-	159,296	(821,940)
23	School Leadership	2,567,089	-	245,241	(2,321,848)
31	Guidance, Counseling, and Evaluation Services	1,022,580	-	151,452	(871,128)
32	Social Work Services	81,530	-	71,178	(10,352)
33	Health Services	369,662	-	25,054	(344,608)
34	Student (Pupil) Transportation	1,206,421	-	51,448	(1,154,973)
35	Food Services	2,324,156	10,184	1,851,830	(462,142)
36	Extracurricular Activities	1,504,874	56,457	70,151	(1,378,266)
41	General Administration	1,543,755	20,207	270,936	(1,252,612)
51	Facilities Maintenance and Operations	5,223,348	14,434	240,281	(4,968,633)
52	Security and Monitoring Services	87,712	-	63,849	(23,863)
53	Data Processing Services	769,876	-	48,017	(721,859)
61	Community Services	261,364	-	229,044	(32,320)
72	Debt Service - Interest on Long-Term Debt	687,129	-	-	(687,129)
73	Debt Service - Bond Issuance Cost and Fees	1,450	-	-	(1,450)
99	Other Intergovernmental Charges	82,664	-	-	(82,664)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 40,716,820	\$ 129,701	\$ 8,693,347	(31,893,772)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			4,747,079	
DT	Property Taxes, Levied for Debt Service			812,521	
SF	State Aid - Formula Grants			26,612,825	
GC	Grants and Contributions not Restricted			1,226,868	
IE	Investment Earnings			5,274	
MI	Miscellaneous Local and Intermediate Revenue			313,492	
TR	Total General Revenues			33,718,059	
CN	Change in Net Position			1,824,287	
NB	Net Position - Beginning			1,845,291	
NE	Net Position - Ending			\$ 3,669,578	

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

LA FERIA INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 236,366	\$ 34,347	\$ 59,575	\$ 330,288
1120 Investments - Current	7,957,535	4	-	7,957,539
1220 Property Taxes - Delinquent	757,177	120,412	-	877,589
1230 Allowance for Uncollectible Taxes	(22,715)	(3,612)	-	(26,327)
1240 Due from Other Governments	2,524,107	948,031	728,619	4,200,757
1260 Due from Other Funds	1,326,410	-	102,236	1,428,646
1290 Other Receivables	18,912	-	-	18,912
1300 Inventories	96,814	-	-	96,814
1410 Prepayments	74,432	-	-	74,432
1000 Total Assets	<u>\$ 12,969,038</u>	<u>\$ 1,099,182</u>	<u>\$ 890,430</u>	<u>\$ 14,958,650</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 163,343	\$ -	\$ 6,927	\$ 170,270
2150 Payroll Deductions and Withholdings Payable	198,810	-	-	198,810
2160 Accrued Wages Payable	2,618,163	-	237,278	2,855,441
2170 Due to Other Funds	18,911	945,259	483,162	1,447,332
2180 Due to Other Governments	381,095	-	-	381,095
2300 Unearned Revenue	22,877	-	14,188	37,065
2000 Total Liabilities	<u>3,403,199</u>	<u>945,259</u>	<u>741,555</u>	<u>5,090,013</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	734,462	116,800	-	851,262
2600 Total Deferred Inflows of Resources	<u>734,462</u>	<u>116,800</u>	<u>-</u>	<u>851,262</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	96,814	-	-	96,814
3430 Prepaid Items	74,432	-	-	74,432
Restricted Fund Balance:				
3480 Retirement of Long-Term Debt	-	37,123	-	37,123
Assigned Fund Balance:				
3590 Other Committed Fund Balance	-	-	148,875	148,875
3600 Unassigned Fund Balance	8,660,131	-	-	8,660,131
3000 Total Fund Balances	<u>8,831,377</u>	<u>37,123</u>	<u>148,875</u>	<u>9,017,375</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 12,969,038</u>	<u>\$ 1,099,182</u>	<u>\$ 890,430</u>	<u>\$ 14,958,650</u>

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

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

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	9,017,375
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 \$71,919,644 and the accumulated depreciation was \$31,630,662.		40,288,982
2 Long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds.		(22,557,070)
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.		531,661
4 Accrued interest payable does not require current financial resources so it is not reported as a liability in the funds.		(304,049)
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.		851,262
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 \$3,198,306, a deferred resource inflow in the amount of \$1,587,578, and a net pension liability in the amount of \$9,060,594. This resulted in a decrease in net position.		(7,449,866)
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 \$1,263,167, a deferred resource inflow in the amount of \$8,299,179, and a net OPEB liability in the amount of \$9,672,705. This resulted in a decrease in net position.		(16,708,717)
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>3,669,578</b>

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



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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 5,297,562	\$ 843,831	\$ 47,117	\$ 6,188,510
5800 State Program Revenues	28,213,484	982,572	1,150,666	30,346,722
5900 Federal Program Revenues	2,760,671	-	2,986,081	5,746,752
5020 Total Revenues	<u>36,271,717</u>	<u>1,826,403</u>	<u>4,183,864</u>	<u>42,281,984</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	16,674,289	-	3,355,027	20,029,316
0012 Instructional Resources and Media Services	342,682	-	313	342,995
0013 Curriculum and Instructional Staff Development	76,370	-	42,187	118,557
0021 Instructional Leadership	855,205	-	89,082	944,287
0023 School Leadership	2,338,252	-	22,642	2,360,894
0031 Guidance, Counseling, and Evaluation Services	871,935	-	82,016	953,951
0032 Social Work Services	13,542	-	64,837	78,379
0033 Health Services	333,874	-	-	333,874
0034 Student (Pupil) Transportation	889,196	-	-	889,196
0035 Food Services	2,184,695	-	-	2,184,695
0036 Extracurricular Activities	1,454,886	-	5,260	1,460,146
0041 General Administration	1,397,389	-	118,667	1,516,056
0051 Facilities Maintenance and Operations	5,221,750	-	76,849	5,298,599
0052 Security and Monitoring Services	23,863	-	63,849	87,712
0053 Data Processing Services	738,104	-	18,235	756,339
0061 Community Services	14,407	-	229,044	243,451
<b>Debt Service:</b>				
0071 Principal on Long-Term Debt	312,072	1,155,000	-	1,467,072
0072 Interest on Long-Term Debt	47,797	795,375	-	843,172
0073 Bond Issuance Cost and Fees	-	1,450	-	1,450
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	699,372	-	-	699,372
<b>Intergovernmental:</b>				
0099 Other Intergovernmental Charges	82,664	-	-	82,664
6030 Total Expenditures	<u>34,572,344</u>	<u>1,951,825</u>	<u>4,168,008</u>	<u>40,692,177</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,699,373</u>	<u>(125,422)</u>	<u>15,856</u>	<u>1,589,807</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	381,606	-	-	381,606
8911 Transfers Out (Use)	(381,606)	-	-	(381,606)
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	1,699,373	(125,422)	15,856	1,589,807
0100 Fund Balance - July 1 (Beginning)	7,132,004	162,545	133,019	7,427,568
3000 Fund Balance - June 30 (Ending)	<u>\$ 8,831,377</u>	<u>\$ 37,123</u>	<u>\$ 148,875</u>	<u>\$ 9,017,375</u>

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

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, 2021

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	1,589,807
Capital outlays are reported in the governmental funds as expenditures. In the statement of activities the cost of assets, \$1,152,264 is allocated over their useful lives as depreciation expense which totaled \$2,058,801 for the year.		(906,537)
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.		(180,444)
Repayment of principal on long-term liabilities is an expenditure in the funds but is not an expense in the statement of activities.		1,467,072
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.		(20,468)
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.		156,044
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 \$563,867. 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 \$588,206. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$761,306. The net result is a decrease in the change in net position.		(785,645)
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 \$156,926. 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 \$162,008. 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 \$509,540. The net result is a decrease in the change in net position.		504,458
<b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>1,824,287</u>

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, 2021

	Private Purpose Trust Fund	Total Custodial Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 81,253
Investments - Current	165,519	-
Due from Other Funds	18,911	-
Restricted Assets	-	2,472,115
Total Assets	<u>184,430</u>	<u>\$ 2,553,368</u>
<b>LIABILITIES</b>		
Due to Other Funds	-	225
Due to Student Groups	15,475	-
Total Liabilities	<u>15,475</u>	<u>225</u>
<b>NET POSITION</b>		
Restricted for Campus Activities	-	81,028
Restricted for Scholarships	168,955	-
Restricted for Other Purposes	-	2,472,115
Total Net Position	<u>\$ 168,955</u>	<u>\$ 2,553,143</u>

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

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

	Private Purpose Trust Fund	Total Custodial Funds
<b>ADDITIONS:</b>		
Miscellaneous Revenue - Student Activities	\$ -	\$ 65,519
Enterprising Services Revenue	-	4,587,577
Earnings from Temporary Deposits	1,285	-
Total Additions	<u>1,285</u>	<u>4,653,096</u>
<b>DEDUCTIONS:</b>		
Professional and Contracted Services	-	4,151,023
Other Deductions - Student Activities	-	63,860
Total Deductions	<u>-</u>	<u>4,214,883</u>
Change in Fiduciary Net Position	1,285	438,213
Total Net Position July 1 (Beginning)	167,670	-
Prior Period Adjustment	<u>-</u>	<u>2,114,930</u>
Total Net Position June 30 (Ending)	<u>\$ 168,955</u>	<u>\$ 2,553,143</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***

GASB Statement No. 84, *Fiduciary Activities*, was implemented by the District effective the beginning of the current school year. The statement provides guidance to enhance the consistency and comparability of fiduciary activity reporting by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The impact of implementation was a restatement of the beginning net position of the custodial fund of \$2,114,930.

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 the 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 the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 92, Omnibus 2020, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information based technology arrangements (SBITAs) for government end users. 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

## La Feria Independent School District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Recently Issued and Implemented Accounting Pronouncements – (Continued)***

criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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 for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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.

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.

## La Feria Independent School District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *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 IFA and EDA 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 accounting 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.

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.

## La Feria Independent School District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **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.

#### *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.



## La Feria Independent School District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *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.

#### *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.

## La Feria Independent School District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *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.

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.

## La Feria Independent School District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *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.

*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 invested in capital assets, or restricted net position.

*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.

## La Feria Independent School District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *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.

#### *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.

## La Feria Independent School District Notes to Financial Statements

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *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 18, 2021, the date the financial statements were available to be issued. There are no subsequent events that require full disclosure.

### **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.

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.

## La Feria Independent School District Notes to Financial Statements

### NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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, 2021, the carrying value of the District's deposits (cash and interest-bearing savings accounts) was \$411,541 including fiduciary funds totaling \$81,253 and the bank balance was \$667,530. The District's cash deposits at June 30, 2021, 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 \$14,300,000.
- c. The highest combined balance of cash, savings and time deposit accounts amounted to \$2,223,445 and occurred during the month of January 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, 2021
Deposits	\$ 411,541
Investments	10,595,173
Total of all funds cash and investments	\$ 11,006,714
Less: Statement of Fiduciary Net Position	
Cash and cash equivalents	(81,253)
Investments	(165,519)
Restricted assets - investments	(2,472,115)
Statement of Net Position	\$ 8,287,827

*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	Fair Value	Percentage
Texas Class	AAAm	\$ -	0%
Tex Star	AAAm	-	0%
TexPool	AAAm	-	0%
Texas Term	AAAf	\$ 165,519	2%
Lone Star	AAA	10,429,654	98%
		\$10,595,173	

*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.

## La Feria Independent School District Notes to Financial Statements

### 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 one 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, 2021, the two investment pools utilized by the District were rated AA+ 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 2020 tax rate was \$1.0307 for maintenance and \$0.1775 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, 2021 outstanding taxes in the general fund and debt service fund were \$757,177 and \$120,412 with a corresponding allowance for doubtful accounts of \$22,715 and \$3,612, 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, 2021 are as follows:

	Due From	Due To
<b>Governmental Funds:</b>		
General Fund:		
Texas Education Agency:		
Foundation revenues	\$ 2,368,256	\$ 380,897
Food Service Program - Breakfast and Lunch	103,760	-
Indirect Costs on Federal Programs	36,844	-
Other Governmental Entities:		
Cameron County Tax Office	15,247	-
Debt Service Fund:		
Texas Education Agency:		
Instructional Facilities Allotment - Bonds	945,400	-
Other Governmental Entities:		
Cameron County Tax Office	2,631	-
Other Governmental Funds:		
Texas Education Agency:		
ESEA, Title I, Part A - Improving Basic Programs	278,362	-
ESEA, Title I, Part C - Migratory Children	53,354	-
ESEA, Title I, Part D - Prevention and Intervention Programs		-
IDEA-B Formula	80,034	-
IDEA-B Preschool	2,024	-
Career and Technical - Basic Grant		198
ESEA, Title II, Part A, TPTR	165,700	-
ESEA, Title III, Part A, - English Language Acquisition	9,487	-
Title IV, Part A - Student Support and Academic Enrichment	63,470	-
Carl Perkins Reserve Grant	46,071	-
Other Governmental Entities:		
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	27,664	-
Teacher and School Leader Incentive Grants	2,453	-
<b>Total Governmental Funds</b>	<b>4,200,757</b>	<b>381,095</b>
<b>Total</b>	<b>\$ 4,200,757</b>	<b>381,095</b>

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

**NOTE 6: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund receivable and payable balances at June 30, 2021 were:

Due to	Due From	
General Fund	Debt Service Fund	945,259
General Fund	Non-Major Fund	483,162
General Fund	Funds within the general fund	225
General fund	Fiduciary fund	-
Due from other funds		1,428,646
Private Purpose Trust Fund	General Fund	18,911
General fund	Custodial Fund	(225)
Due to other funds		\$ 1,447,332

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, 2021, were as follows:

	Property Taxes, Net	Other Governments	Due from Other Funds	Other Receivables	Total Receivables
Governmental funds:					
General Fund	\$ 734,462	\$ 2,524,107	\$ 1,326,410	\$ 18,912	\$ 4,603,891
Debt Service Fund	116,800	948,031	-	-	1,064,831
Nonmajor Governmental Funds	-	728,619	102,236	-	830,855
Total Governmental Funds	\$ 851,262	\$ 4,200,757	\$ 1,428,646	\$ 18,912	\$ 6,499,577

Payables at June 30, 2021, were as follows:

	Accounts Payable	Salaries and Benefits	Due to Other Funds	Due to Other Governments	Total Payables
Governmental funds:					
General Fund	\$ 163,343	\$ 2,816,973	\$ 18,911	\$ 381,095	\$ 3,380,322
Debt Service Fund	-	-	945,259	-	945,259
Nonmajor Governmental Funds	6,927	237,278	483,162	-	727,367
Total Governmental Funds	\$ 170,270	\$ 3,054,251	\$ 1,447,332	\$ 381,095	\$ 5,052,948

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

**NOTE 8: CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 2,233,311	\$ -	\$ -	\$ 2,233,311
Construction-in-progress	-	156,985	-	156,985
<b>Total capital assets not being depreciated</b>	<b>2,233,311</b>	<b>156,985</b>	<b>-</b>	<b>2,390,296</b>
Capital assets, being depreciated				
Building and improvements	60,713,093	876,240	13,304	61,576,029
Furniture and equipment	7,550,109	119,039	-	7,669,148
Leased property under capital lease	284,171	-	-	284,171
<b>Total capital assets, being depreciated</b>	<b>68,547,373</b>	<b>995,279</b>	<b>13,304</b>	<b>69,529,348</b>
Less accumulated depreciation for				
Buildings and improvements	24,256,613	1,510,010	13,304	25,753,319
Furniture and equipment	5,180,546	476,973	-	5,657,519
Leased property under capital leases	148,006	71,818	-	219,824
<b>Total accumulated depreciation</b>	<b>29,585,165</b>	<b>2,058,801</b>	<b>13,304</b>	<b>31,630,662</b>
<b>Total capital assets being depreciated, net</b>	<b>38,962,208</b>	<b>(1,063,522)</b>	<b>-</b>	<b>37,898,686</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 41,195,519</b>	<b>\$ (906,537)</b>	<b>\$ -</b>	<b>\$ 40,288,982</b>

Depreciation was charged to the following functions:

Governmental Activities	
11- Instruction	\$ 1,092,436
12- Instructional Resources and Media Services	13,001
21- Instructional Leadership	11,798
23- School Leadership	149,731
31- Guidance, Counseling and Evaluation Services	43,771
32- Social Work Services	908
33- Health Services	28,042
34- Student Transportation	301,789
35- Food Services	146,289
36- Cocurricular/Extracurricular Activities	17,396
41- General Administration	10,891
51- Plant Maintenance and Operations	226,376
53- Data Processing Services	4,538
61- Community Services	11,835
<b>Total depreciation expense- governmental activities</b>	<b>\$ 2,058,801</b>

**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 a capital lease. Changes in long-term obligations for the period ended June 30, 2021 are as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Unlimited Tax School Refunding Bonds - Series 2014A	\$ 1,310,000	\$ -	\$ 575,000	\$ 735,000	\$ 145,000
Unlimited Tax School Refunding Bonds - Series 2014B	3,350,000	-	30,000	3,320,000	150,000
Unlimited Tax School Refunding Bonds - Series 2015	5,025,000	-	30,000	4,995,000	225,000
Unlimited Tax School Refunding Bonds - Series 2016	7,290,000	-	280,000	7,010,000	300,000
Unlimited Tax School Refunding Bonds - Series 2017	3,175,000	-	240,000	2,935,000	370,000
<b>Total general obligation bonds</b>	<b>20,150,000</b>	<b>-</b>	<b>1,155,000</b>	<b>18,995,000</b>	<b>1,190,000</b>
Premium on issuance of bonds	1,838,219	-	207,342	1,630,877	-
Limited Tax Refunding Bonds - Series 2020	1,250,000	-	38,000	1,212,000	38,000
Property finance contract	616,050	-	197,696	418,354	205,254
Capital lease	149,817	-	76,376	73,441	73,441
<b>Total governmental activities</b>	<b>\$ 24,004,086</b>	<b>\$ -</b>	<b>\$ 1,674,414</b>	<b>\$ 22,329,672</b>	<b>\$ 1,506,695</b>

*General Obligation Bonds:*

Bonds payable at June 30, 2021 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.	\$ 735,000
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.	3,320,000
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.	4,995,000
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.	7,010,000
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.	2,935,000

**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. 1,212,000

\$20,207,000

*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 the final payment due in 2022.

The District leased new copiers late in 2018 which resulted in a capital 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, 2021 amounted to \$64,347.

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, 2021, the following outstanding bonds and notes are considered defeased:

<u>Series</u>	<u>Ending Balance</u>
1997 Building	\$ 1,020,000
2005 Refunding	735,000
2005 Building	7,855,000
2006 Refunding	515,000
2008 Building	9,270,000
2014 Tax Maintenance Notes	1,135,000
 <u>Public Facilities Corporation</u>	
1999	320,000
2001	530,000

Debt service requirements on long-term obligations at June 30, 2021 are as follows:

Year Ending June 30,	General Obligation Bonds		Limited Tax Refunding, Property Finance & Capital Lease Obligations		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,190,000	\$ 755,300	\$ 316,695	\$ 38,930	\$ 1,506,695	\$ 794,230
2023	990,000	710,700	250,100	28,575	1,240,100	739,275
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
2027-2031	5,280,000	2,353,800	518,000	55,976	5,798,000	2,409,776
2032-2036	6,350,000	1,222,400	330,000	11,554	6,680,000	1,233,954
2037-2041	2,200,000	118,800	-	-	2,200,000	118,800
<b>Total</b>	<b>\$ 18,995,000</b>	<b>\$ 7,056,250</b>	<b>\$ 1,703,795</b>	<b>\$ 189,392</b>	<b>\$ 20,698,795</b>	<b>\$ 7,245,642</b>

**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, 2021.

**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, 2021 as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Compensated absences	\$ 206,930	\$ 54,404	\$ 33,936	\$ 227,398	\$ 92,341

**NOTE 11: REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

During the period ended June 30, 2021, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 4,802,925	\$ 819,079	\$ -	\$ 5,622,004
Food sales	10,184	-	-	10,184
Investment income	5,017	256	-	5,273
Penalties and interest	161,596	24,496	-	186,092
Co-curricular student activities	9,431	-	47,117	56,548
Foundations, Gifts & Bequests	184,587	-	-	184,587
Insurance	60,854	-	-	60,854
Other	62,968	-	-	62,968
<b>Total</b>	<b>\$ 5,297,562</b>	<b>\$ 843,831</b>	<b>\$ 47,117</b>	<b>\$ 6,188,510</b>

**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, 2021 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	\$3,198,306	\$ -	\$ -
Deferred outflows from TRS OPEB	1,263,167	-	-
Deferred charge on refunding	531,661	-	-
<b>Total deferred outflows of resources</b>	<b>\$4,993,134</b>	<b>\$ -</b>	<b>\$ -</b>
Deferred inflows of resources:			
Deferred inflows from TRS Pension	\$1,587,578	\$ -	\$ -
Deferred inflows from TRS OPEB	8,299,179	-	-
Unavailable property taxes	-	734,462	116,800
<b>Total deferred inflows of resources</b>	<b>\$9,886,757</b>	<b>\$ 734,462</b>	<b>\$ 116,800</b>

**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	561,655
National School Lunch Program - Cash Assistance	10.555	1,051,893
National School Lunch Program - Non-cash Assistance	10.555	198,915
COVID-19 NSLP - Equipment Assistance Grant	10.555	6,435
COVID-19 Emergency Operational Cost Reimbursement	10.555	5,251
Child and Adult Care Food Program	10.558	1,893
Coronavirus Relief Fund	21.019	231,206
SHARS/Medicaid	N/A	545,366
Medicaid Administrative Claim	93.778	7,221
<i>Indirect Costs</i>		
Title I, Part A - Improving Basic Programs	84.010	76,802
Title I, Part C - Migratory Children	84.011	13,001
IDEA - B Formula	84.027	31,404
IDEA - B Preschool	84.173	803
Career and Technical - Basic Grant	84.048	2,192
Title III, Part A - English Language Acquisition	84.365	1,860
Title II, Part A - Teacher/Principal Training	84.367	8,907
Teacher and School Leader Incentive Grant	84.374	440
Instructional Continuity Grant	84.377A	60
Student Support and Academic Enrichment Program	84.424	11,802
COVID-19 School Emergency Relief Fund	84.425D	3,565
<b>Total general fund federal revenue</b>		<b>\$ 2,760,671</b>

**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, 2021 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, 2021. At year-end, the District’s commitments with contractors are as follows:

	Estimated Project Costs	Expended Through June 30, 2021	Amount Committed
W. B. Green Jr. High School Drainage	\$ 171,606	\$ 156,895	\$ 14,711
High School Parking Lot Paving	1,001,038	-	1,001,038
	<u>\$ 1,172,644</u>	<u>\$ 156,895</u>	<u>\$ 1,015,749</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

There were no deficit fund balances or fund net position for any individual funds.

**NOTE 16: DEFINED BENEFIT PENSION PLAN**

*Plan Description*

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

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

*Pension Plan Fiduciary Net Position*

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

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

**NOTE 16: DEFINED BENEFIT PENSION PLAN (Continued)**

*Benefits Provided*

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

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

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

*Contributions*

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

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

	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (state) (NECE)	7.5%	7.5%
Employer	7.5%	7.5%

## 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 contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). Contributions as of the pension plan measurement date were as follows:

Current fiscal year employer contributions	\$ 673,886
Current fiscal year member contributions	\$1,673,511
2020 measurement year NECE on-behalf contributions	\$1,306,839

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.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- All public schools, charter schools and regional education service centers must contribute 1.5% of members salary beginning in fiscal year 2020, gradually increasing to 2% in fiscal year 2025.

#### *Actuarial Assumptions*

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020. The following table discloses the assumptions that were applied to this measurement period:

Valuation Date	August 31, 2019, rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Rate of Return	7.25%

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

**NOTE 16: DEFINED BENEFIT PENSION PLAN (Continued)**

Municipal Bond Rate as of August 2019	2.33% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2119
Inflation	2.3%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumption used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 14, 2019.

*Discount Rate*

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

Based upon 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 period of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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 Teacher Retirement Systems target asset allocation as of August 31, 2020 (see page 53 of TRS ACFR) are summarized below:

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

**NOTE 16: DEFINED BENEFIT PENSION PLAN (Continued)**

Asset Class	Target Allocation <sup>1</sup>	Long-Term Expected Arithmetic Real Rate Returns <sup>2</sup>	Expected Contribution To Long-Term Portfolio Returns <sup>3</sup>
<b>Global Equity</b>			
USA	18.00%	3.90%	99.00%
Non - U. S. Developed	13.00%	5.10%	92.00%
Emerging Markets	9.00%	5.60%	83.00%
Private Equity	14.00%	6.70%	1.41%
<b>Stable Value</b>			
Government Bonds	11.00%	-0.70%	-0.05%
Stable Value Hedge	4.00%	1.90%	0.11%
<b>Real Return</b>			
Real Estate	3.00%	4.60%	1.01%
Energy, Natural Resources & Infrastructure	14.00%	6.00%	0.42%
<b>Risk Parity</b>			
Risk Parity	5.00%	3.00%	0.30%
<b>Leverage</b>			
Cash	1.00%	-1.50%	-0.03%
Asset Allocation Leverage	0.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag <sup>3</sup>			-0.07%
<b>Expected Return</b>	<b>92%</b>	<b>33%</b>	<b>7.33%</b>

<sup>1</sup>Target allocations are based on the FY2020 policy model.

<sup>2</sup>Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020)

<sup>3</sup>The volatility drag results from the conversion between arithmetic and geometric mean returns

*Discount Rate Sensitivity Analysis*

The following table presents the net pension liability of the pan 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	\$13,971,274	\$9,060,594	\$5,070,774

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

**NOTE 16: DEFINED BENEFIT PENSION PLAN (Continued)**

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

At June 30, 2021, the District reported a liability of \$9,060,594 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	\$60,146,606
State's proportionate share that is associated with the District	92,536,915
Total	\$152,683,521

The net pension liability was measured as of August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2019 thru August 31, 2020.

At August 31, 2020, the employer's proportion of the collective net pension liability was .0169173625% which was a decrease of .0004526394% from its proportion measured as of August 31, 2019.

*Changes Since the Prior Actuarial Valuation*

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

For the year ended June 30, 2021, the District recognized pension expense of \$3,389,841 and revenue of \$2,040,329 for support provided by the State.

At June 30, 2021, 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	\$16,544	\$252,857
Changes in actuarial assumptions	2,102,380	893,917
Differences between projected and actual investment earnings	183,424	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	332,091	440,804
Total as of August 31, 2020 measurement date	2,634,439	1,587,578
Contributions paid to TRS subsequent to the measurement date	563,867	-
Total as of fiscal year end	3,198,306	1,587,578

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

**NOTE 16: DEFINED BENEFIT PENSION PLAN (Continued)**

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
2022	\$ 381,922
2023	380,598
2024	343,887
2025	72,987
2026	(121,157)
Thereafter	(11,376)

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	\$ 9,029,470	\$ 729,139	\$ 698,015	\$ 9,060,594

**NOTE 17: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

*Plan Description.* The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System (TRS) Board of Trustees. It is established and administered in accordance with Texas Insurance Code, Chapter 1575.

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2020 are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$40,010,833,815
Less: plan fiduciary net position	<u>1,996,317,932</u>
Net OPEB liability	<u>\$38,014,515,883</u>
Net position as a percentage of total OPEB liability	4.99%

*Benefits Provided.* TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and 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

*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% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2021</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 2021 FY Employer Contributions	\$ 188,316	
District’s 2021 FY Member Contributions	\$ 141,270	
2020 Measurement Year NECE On-Behalf Contributions	\$ 259,877	

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



## La Feria Independent School District Notes to Financial Statements

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

*Actuarial Assumptions.* The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the total OPEB liability to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions:

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. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

Rates of Mortality Rates of Retirement Rates of Termination Rates of Disability	General Inflation Wage Inflation Expected Payroll Growth
--	--

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

#### Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05%-9.05%, including inflation
Ad-hoc Post Employment Benefit Changes	None

## La Feria Independent School District Notes to Financial Statements

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

*Discount Rate.* A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

#### *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 (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate <u>(1.33%)</u>	Discount Rate <u>(2.33%)</u>	1% Increase in Discount Rate <u>(3.33%)</u>
District’s proportionate share of the Net OPEB Liability	\$11,607,223	\$9,672,705	\$8,144,712

*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	\$7,901,360	\$9,672,705	\$12,031,885

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.* At June 30, 2021, the District reported a liability of \$9,672,705 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:

## La Feria Independent School District Notes to Financial Statements

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

District's Proportionate share of the collective net OPEB liability	\$ 9,672,705
State's proportionate share that is associated with the District	<u>12,997,796</u>
	<u>\$22,670,501</u>

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

At August 31, 2020 the employer's proportion of the collective net OPEB liability was .0254447660% which is a decrease of 0.0003385256% from its proportion measured as of August 31, 2019.

*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 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the TOL.
- 2 - The participation rate for post-65 retirees was lowered from 50% to 40%. This change decreased the TOL.
- 3 - The ultimate health care trend rate assumption was lowered from 4.5% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change decreased the TOL.

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

For the year ended June 30, 2021, the District recognized OPEB expense of (\$437,784) and revenue of (\$90,252) for support provided by the State.

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

	Outflows of Resources	Inflows of Resources
Differences between expected and actual economic experience	\$ 506,459	\$ 4,426,724
Changes in actuarial assumptions	596,605	2,656,175
Difference between projected and actual investment earnings	3,144	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	33	1,216,280
Total as of August 31, 2020 measurement date	1,106,241	8,299,179
Contributions paid to TRS subsequent to the measurement date	156,926	-
Total	\$ 1,263,167	\$ 8,299,179

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:

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

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

Years Ended June 30:	OPEB Expense Amount
2022	\$ (1,176,257)
2023	(1,176,677)
2024	(1,176,918)
2025	(1,176,852)
2026	(918,494)
Thereafter	(1,567,740)

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

	Beginning Balance	Additions	Retirements	Ending Balance
Net OPEB Liability	\$ 12,193,234	\$ (2,327,131)	\$ 193,398	\$ 9,672,705

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, 2021, 2020 and 2019 the subsidy payments received by TRS-Care on behalf of the District are as follows:

<u>Fiscal Year</u>	<u>Medicare Part D</u>
2021	\$ 95,932
2020	98,777
2019	69,580

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.

**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.

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

**NOTE 18: RISK MANAGEMENT (Continued)**

*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, 2021:

*Nonspendable:* The District has inventories of \$96,814 and prepaid items of \$74,432.

*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.

	General Funds	Other Governmental Funds <hr/> Other Funds	Total Governmental Funds
<b>Fund Balance</b>			
Nonspendable fund balance:			
Inventories	\$ 96,814	\$ -	\$ 96,814
Prepaid items	74,432	-	74,432
Restricted fund balance:			
Retirement of long-term debt	-	37,123	37,123
Committed fund balance			
Other committed fund balance	-	148,875	148,875
Unassigned fund balance	8,660,131	-	8,660,131
<b>Total fund balances</b>	<b>\$ 8,831,377</b>	<b>\$ 185,998</b>	<b>\$ 9,017,375</b>

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

**NOTE 19: FUND BALANCES AND NET POSITION (Continued)**

	Governmental Activities
<hr/>	
<b>Net Position</b>	
Net investment in capital assets:	
Capital assets, net of accumulated depreciation	\$ 40,288,982
Less related liabilities	(22,329,672)
Less unamortized charges	531,661
<hr/>	
Total net investment in capital assets	18,490,971
Restricted net position consists of the following:	
Debt service	37,123
<hr/>	
Total restricted net position	37,123
Unrestricted (deficit) net position	(14,858,516)
<hr/>	
Total net position	\$ 3,669,578
<hr/> <hr/>	

**NOTE 19: SUBSEQUENT EVENTS**

The District has evaluated subsequent events through November 18, 2021, which is the date these financial statements were available to be issued. There are no subsequent events that require full disclosure.

**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, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 4,803,515	\$ 4,803,515	\$ 5,297,562	\$ 494,047
5800	State Program Revenues	27,899,565	27,899,565	28,213,484	313,919
5900	Federal Program Revenues	3,181,086	3,181,086	2,760,671	(420,415)
5020	Total Revenues	35,884,166	35,884,166	36,271,717	387,551
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	17,322,231	17,022,231	16,674,289	347,942
0012	Instructional Resources and Media Services	359,830	359,830	342,682	17,148
0013	Curriculum and Instructional Staff Development	220,255	145,255	76,370	68,885
0021	Instructional Leadership	1,009,941	909,941	855,205	54,736
0023	School Leadership	2,380,105	2,340,105	2,338,252	1,853
0031	Guidance, Counseling, and Evaluation Services	938,074	888,074	871,935	16,139
0032	Social Work Services	43,736	83,736	13,542	70,194
0033	Health Services	336,819	336,819	333,874	2,945
0034	Student (Pupil) Transportation	1,119,935	959,935	889,196	70,739
0035	Food Services	2,500,000	2,500,000	2,184,695	315,305
0036	Extracurricular Activities	1,921,231	1,621,231	1,454,886	166,345
0041	General Administration	1,406,133	1,436,133	1,397,389	38,744
0051	Facilities Maintenance and Operations	5,051,657	5,776,657	5,221,750	554,907
0052	Security and Monitoring Services	11,575	41,575	23,863	17,712
0053	Data Processing Services	770,002	970,002	738,104	231,898
0061	Community Services	33,600	33,600	14,407	19,193
Debt Service:					
0071	Principal on Long-Term Debt	318,042	318,042	312,072	5,970
0072	Interest on Long-Term Debt	48,000	48,000	47,797	203
Capital Outlay:					
0081	Facilities Acquisition and Construction	788,000	788,000	699,372	88,628
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	5,000	5,000	-	5,000
0099	Other Intergovernmental Charges	88,000	88,000	82,664	5,336
6030	Total Expenditures	36,672,166	36,672,166	34,572,344	2,099,822
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(788,000)	(788,000)	1,699,373	2,487,373
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	381,606	381,606
8911	Transfers Out (Use)	-	-	(381,606)	(381,606)
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balances	(788,000)	(788,000)	1,699,373	2,487,373
0100	Fund Balance - July 1 (Beginning)	7,132,004	7,132,004	7,132,004	-
3000	Fund Balance - June 30 (Ending)	\$ 6,344,004	\$ 6,344,004	\$ 8,831,377	\$ 2,487,373

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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, 2021

	Measurement Year Ended August 31,						
	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0169173625%	0.0173700019%	0.0174586574%	0.0185185195%	0.0188397011%	0.0193039000%	0.0112716000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 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	16,963,470	16,386,651	19,133,402	11,841,829	14,416,244	13,900,128	11,676,975
Total	<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	\$ 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	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	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only seven 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, 2021

	Fiscal Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 673,886	\$ 687,052	\$ 505,094	\$ 590,609	\$ 606,319	\$ 598,585	\$ 571,598
Contribution in Relation to the Contractually Required Contribution	<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>\$ (4,575)</u>
District's Covered Payroll	\$ 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	3.10%	3.03%	2.81%	2.70%	2.73%	2.73%	2.70%

Note: Only seven 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, 2021

	Measurement Year Ended August 31,			
	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0254447660%	0.0257832916%	0.0269436973%	0.0280703378%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 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>12,997,796</u>	<u>16,202,081</u>	<u>18,194,216</u>	<u>16,689,527</u>
Total	<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	\$ 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	42.27%	56.70%	61.60%	54.89%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

Note: Only four 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, 2021

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

Note: Only four 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 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 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 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the TOL.

The participation rate for post-65 retirees was lowered from 50% to 40%. This change increased the TOL.

The ultimate health care trend rate assumption was lowered from 4.5% to 4.25% as a result of Congress’ repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the TOL.





**TEXAS EDUCATION AGENCY**

**REQUIRED SCHEDULES**

LA FERIA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.040000	0.29600	335,392,755
2014	1.170000	0.12910	374,670,030
2015	1.170000	0.12910	347,382,936
2016	1.170000	0.12910	348,274,281
2017	1.170000	0.12910	377,980,359
2018	1.170000	0.12910	384,577,869
2019	1.170000	0.12910	394,664,074
2020	1.068400	0.18600	443,528,985
2021 (School year under audit)	1.030700	0.17750	473,737,890
1000 TOTALS			

(10) Beginning Balance 7/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
\$ 224,850	\$ -	\$ 9,428	\$ 2,284	\$ (69,875)	\$ 143,263
38,812	-	2,622	655	(82)	35,453
45,211	-	4,242	468	(27)	40,474
35,522	-	5,623	621	(49)	29,229
53,023	-	9,585	1,057	327	42,708
65,425	-	18,048	1,992	2,015	47,400
101,027	-	43,054	4,750	4,629	57,852
151,291	-	67,230	7,419	4,788	81,430
348,453	-	192,149	33,453	255	123,106
-	5,637,108	4,551,652	783,721	(25,061)	276,674
<u>\$ 1,063,614</u>	<u>\$ 5,637,108</u>	<u>\$ 4,903,633</u>	<u>\$ 836,420</u>	<u>\$ (83,080)</u>	<u>\$ 877,589</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, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 150,000	\$ 150,000	\$ 10,378	\$ (139,622)
5800	State Program Revenues	68,914	68,914	19,941	(48,973)
5900	Federal Program Revenues	2,581,086	2,581,086	1,826,042	(755,044)
5020	Total Revenues	2,800,000	2,800,000	1,856,361	(943,639)
<b>EXPENDITURES:</b>					
Current:					
0035	Food Services	2,500,000	2,500,000	2,184,695	315,305
0051	Facilities Maintenance and Operations	297,000	297,000	214,821	82,179
Debt Service:					
0071	Principal on Long-Term Debt	1,800	1,800	1,279	521
0072	Interest on Long-Term Debt	1,200	1,200	218	982
6030	Total Expenditures	2,800,000	2,800,000	2,401,013	398,987
1100	Excess (Deficiency) of Revenues Over Expenditures	-	-	(544,652)	(544,652)
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	381,606	381,606
1200	Net Change in Fund Balances	-	-	(163,046)	(163,046)
0100	Fund Balance - July 1 (Beginning)	163,046	163,046	163,046	-
3000	Fund Balance - June 30 (Ending)	\$ 163,046	\$ 163,046	\$ -	\$ (163,046)

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, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 835,610	\$ 835,610	\$ 843,831	\$ 8,221
5800 State Program Revenues	1,119,390	1,119,390	982,572	(136,818)
5020 Total Revenues	1,955,000	1,955,000	1,826,403	(128,597)
<b>EXPENDITURES:</b>				
Debt Service:				
0071 Principal on Long-Term Debt	1,155,000	1,155,000	1,155,000	-
0072 Interest on Long-Term Debt	795,375	795,375	795,375	-
0073 Bond Issuance Cost and Fees	4,625	4,625	1,450	3,175
6030 Total Expenditures	1,955,000	1,955,000	1,951,825	3,175
1200 Net Change in Fund Balances	-	-	(125,422)	(125,422)
0100 Fund Balance - July 1 (Beginning)	162,545	162,545	162,545	-
3000 Fund Balance - June 30 (Ending)	\$ 162,545	\$ 162,545	\$ 37,123	\$ (125,422)

## STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

La Feria Independent School District

Fiscal Year 2021

**Section A: Compensatory Education Programs**

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$4,161,157
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$2,348,690

**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.	\$225,896
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$267,347

# **COMPLIANCE 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, 2021, 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 18, 2021.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## 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*.

## 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 18, 2021

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE  
FOR THE 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**

We have audited the La Feria School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the La Feria Independent School District’s major federal programs for the year ended June 30, 2021. 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.

***Management’s Responsibility***

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

***Auditors’ Responsibility***

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

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

***Opinion on Each Major Federal Program***

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, 2021.

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## Report on Internal Control over Compliance

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

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

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

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

*Casey Riggs & Ingram, L.L.C.*

Harlingen, Texas  
November 18, 2021

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**LA FERIA 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?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

**Internal control over major programs:**

- Material weakness(es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weakness(es)?  yes  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  none reported

**Identification of major programs:**

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
21.019	COVID-19 Coronavirus Relief Fund
84.010	Title I Grants to Local Education Agencies

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

Auditee qualified as low-risk auditee?  yes  no

**LA FERIA INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED*

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

**A. Financial Statement Findings**

None noted that were required to be reported

**B. Compliance Findings**

None noted that were required to be reported

**LA FERIA INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED*

**Section III – Findings Relating to the Internal Control Over Major Programs**

None noted that were required to be reported

**LA FERIA INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED*  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*

None noted that were required to be reported



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*SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
CORRECTIVE ACTION PLAN*

No management responses were required to be reported

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Contact Person: Antonio Aguilar, Chief Financial Officer

Implementation Time Frame: Ongoing during the current fiscal year

*School  
Board*

President  
Lisa Montalvo

Vice President  
Ruben Zambrano

Secretary  
Jane Castillo

Member  
Juan Briones

Member  
Gloria Casas

Member  
Katie Johnson

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) Assistance Listing Number	(3) Passthrough Number	(4) Provided to Subrecipients	(5) Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<u>Passed Through the State Department of Agriculture</u>				
Child Nutrition Cluster				
*COVID-19 School Breakfast Program	10.553	71402101	\$ -	\$ 561,655
Total School Breakfast Program				<u>561,655</u>
*National School Lunch Program- Non-Cash Assistance	10.555	71302101	-	198,915
*COVID-19 National School Lunch Program- Cash Assistance	10.555	71302101	-	1,051,893
*COVID-19 National School Lunch Program Equipment Assistance Grant	10.555	71302101	-	6,435
*COVID-19 Emergency Operational Cost Reimbursement Program	10.555	71302101	-	5,251
Total National School Lunch Program			-	<u>1,262,494</u>
Total Child Nutrition Cluster				<u>1,824,149</u>
Child and Adult Care Food Program	10.558	216TX332N1099	-	1,893
Total Passed Through State Department of Agriculture				<u>1,826,042</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<u>1,826,042</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<u>Passed Through State Department of Education</u>				
Title I Grants to Local Educational Agencies	84.010	21610101031905	-	1,513,925
Migrant Education State Grant Program	84.011	21615001031905	-	263,158
Special Education Cluster				
*Special Education Grants to States	84.027	216600010319056000	-	630,589
*Special Education Preschool Grants	84.173	216610010319056000	-	16,900
Total Special Education Cluster				<u>647,489</u>
Career and Technical Education - Basic Grants to States	84.048	21420006031905	-	68,726
English Language Acquisition State Grants	84.365	21671001031905	-	36,809
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	20694501031905	-	191,806
Instructional Continuity Grant	84.77A		-	18,000
Student Support and Academic Enrichment Program	84.424	21680101031905	-	234,757
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	20521001031905	-	41,233
Total Passed Through State Department of Education				<u>3,015,903</u>
<u>Passed Through Region One ESC</u>				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334A180024-21	-	94,305
Teacher and School Leader Incentive Grants (formerly Teacher Incentive Fund)	84.374	U374A160002-21	-	26,709
				<u>121,014</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				<u>3,136,917</u>
<b>U.S. DEPARTMENT OF TREASURY</b>				
<u>Passed Through Texas Division of Emergency Management (TDEM)</u>				
COVID-19 Coronavirus Relief Fund	21.019	2020-CF-21019	-	231,206
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<u>Passed Through Texas Department of Human Services</u>				
*Medicaid Cluster	93.778	HHS000537900194	-	7,221
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 5,201,386</u>
*Clustered Programs				

**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 \$150,835 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	\$5,201,386
General fund – Federal Revenue	
School Health and Related Services (SHARS) revenue	<u>545,366</u>
Total Federal Revenues, per Exhibit C-3	<u>\$5,746,752</u>

**NOTE 3 – SUB-RECIPIENTS**

During the year ended June 30, 2021, the La Feria Independent School District had no sub-recipients.

**NOTE 4 – FEDERAL LOANS AND LOAN GUARANTEES**

During the year ended June 30, 2021, the District had no outstanding federal loans payable or loan guarantees.

**NOTE 5 – FEDERALLY FUNDED INSURANCE**

During the year ended June 30, 2021, 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, 2021, the District received \$198,915 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, 2021, the District did not elect to use this rate.