



Weslaco

**INDEPENDENT SCHOOL DISTRICT
WESLACO, TEXAS**

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**
FOR THE FISCAL YEAR ENDED
AUGUST 31, 2021





**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FOR THE
YEAR ENDED AUGUST 31, 2021**

**PREPARED BY BUSINESS
DEPARTMENT**

**312 W. 5th STREET
WESLACO, TEXAS 78599**

WESLACO INDEPENDENT SCHOOL DISTRICT

Weslaco, Texas

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

AUGUST 31, 2021

TABLE OF CONTENTS

	<u>Page</u> <u>Number</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Table of Contents	i	
Letter of Transmittal	1	
List of Principal Officials	7	
GFOA Certificate of Achievement	9	
Administrative Organizational Chart	11	
Certificate of Board	13	
FINANCIAL SECTION		
Independent Auditors' Report	16	
Management's Discussion and Analysis	19	
<i>Basic Financial Statements:</i>		
<i>Government-wide Financial Statements:</i>		
Statement of Net Position	31	A-1
Statement of Activities	32	B-1
<i>Fund Financial Statements:</i>		
Balance Sheet - Governmental Funds	33	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position	34	C-2
Statement of Revenues, Expenditures, and Changes in Fund		
Balances - Governmental Funds	35	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,		
and Changes in Fund Balances to the Statement of Activities	36	C-4
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and		
Actual - General Fund	37	C-5
Statement of Net Position - Proprietary Funds	38	D-1
Statement of Revenues, Expenses, and Changes in Net		
Position - Proprietary Funds	39	D-2
Statement of Cash Flows - Proprietary Funds	40	D-3
Statement of Fiduciary Net Position - Fiduciary Funds	41	E-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	42	E-2
Notes to the Financial Statements	43	
<i>Required Supplementary Schedules:</i>		
Schedule of the District's Proportionate Share of the Net Pension Liability -		
Teacher Retirement System of Texas	89	G-2
Schedule of District's Contributions For Pensions - Teacher Retirement System		
of Texas	90	G-3
Schedule of the District's Proportionate Share of the Net OPEB Liability -		
Teacher Retirement System of Texas	91	G-4

WESLACO INDEPENDENT SCHOOL DISTRICT
Weslaco, Texas

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

AUGUST 31, 2021

TABLE OF CONTENTS

	<u>Page</u> <u>Number</u>	<u>Exhibit</u>
Schedule of District's OPEB Contributions - Teacher Retirement System of Texas	92	G5
Notes to Required Supplementary Information	93	

FINANCIAL SECTION

Combining Statements:

Nonmajor Governmental Funds:

Combining Balance Sheet	100	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balance ...	106	H-2
Combining Statement of Net Position - Internal Service Funds	112	H-3
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	113	H-4
Combining Statement of Cash Flows - Internal Service Funds	114	H-5

Texas Education Agency – Required Schedules:

Schedule of Delinquent Taxes Receivable	116	J-1
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - Child Nutrition Program	118	J-2
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	119	J-3
State Compensatory Education and Bilingual Education Program Expenditures ...	120	J-4

STATISTICAL SECTION

Financial Trends Information:

Net Position by Component - Last Ten Years	126	L-1
Governmental Activities Expenses and Program Revenues - Last Ten Years	127	L-2
General Revenues and Changes in Net Position - Last Ten Years	128	L-3
Fund Balances of Governmental Funds - Last Ten Years	129	L-4
Governmental Fund Revenue by Source - Last Ten Years	130	L-5
Governmental Fund Expenditures by Function - Last Ten Years	131	L-6
Governmental Funds Other Sources, Uses and Changes in Fund Balances - Last Ten Years	132	L-7
Governmental Fund Expenditures by Function Per Average Daily Attendance - Last Ten Years	133	L-8

Revenue Capacity Information:

Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	136	L-9
Property Tax Levies and Collections - Last Ten Years	137	L-10
Allocation of Property Tax Rates and Levies - Last Ten Years	138	L-11

WESLACO INDEPENDENT SCHOOL DISTRICT
Weslaco, Texas

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

AUGUST 31, 2021

TABLE OF CONTENTS

	<u>Page</u> <u>Number</u>	<u>Exhibit</u>
Property Tax Rates - Direct and Overlapping Governments (Per \$100 Assessed Valuation) - Last Ten Years	139	L-12
Principal Property Taxpayers - 2021 and 2012	140	L-13
<i>Debt Capacity Information:</i>		
Outstanding Debt by Type - Last Ten Years	142	L-14
Direct and Overlapping Debt - Governmental Activities Debt	143	L-15
Computation of Legal Debt Margin - Last Ten Years	144	L-16
Ratio of Net General Obligation Bonded Debt to Estimated Actual Taxable Value And Per Average Daily Membership - Last Ten Years	145	L-17
Ratio of Annual Debt Service for General Bonded Debt to Total General Fund Expenditures - Last Ten Years	146	L-18
<i>Demographic and Economic Information:</i>		
Principal Employers - Calendar Year 2021 and 2011	148	L-19
Demographic and Economic Statistics - Last Ten Years	149	L-20
<i>Operating Information:</i>		
Workforce Composition by Employee Classification - Last Ten Years	152	L-21
Schedule of Teacher Information - Last Ten Years	153	L-22
Schedule of Attendance and Membership - Last Ten Years	154	L-23
Operating Statistics Table - Last Ten Years	155	L-24
Schedule of Student Information - Last Ten Years	156	L-25
Schedule of School Buildings and Portables	157	L-26

SINGLE AUDIT SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	161	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	163	
Schedule of Findings and Questioned Costs	165	
Schedule of Expenditures of Federal Awards	168	K-1
Notes to Schedule of Expenditures of Federal Awards	170	
Corrective Action Plan	175	
Schedule of Required Responses to Selected School First Indicators	176	

This page is left blank intentionally

January 18, 2022

Dear Citizens and Board of Trustees of the
Weslaco Independent School District,

The Texas Education Code requires that all school districts file and publish a complete set of financial statements with the Texas Education Agency ("TEA"). The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America. The financial statements must be audited by a firm of licensed certified public accountants 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. Pursuant to these requirements, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the Weslaco Independent School District (the "District") for the fiscal year ended August 31, 2021.

The District's Finance Department has prepared this ACFR, assuming full responsibility for the accuracy and completeness of the information contained therein based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

We believe the data is presented in a manner to fairly represent the financial position and results of operations of the District, and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included. The ACFR for the year ended August 31, 2021, is prepared in accordance with generally accepted accounting principles (GAAP) and is in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association (GFOA).

Carr, Riggs, & Ingram, LLC has issued an unmodified ("clean") opinion on the Weslaco Independent School District's financial statements for the year ended August 31, 2021. The independent auditors' report is located at the front of the Financial Section.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

This report provides valuable information for management as well as other users of the financial statements. Copies will be made available to the public, the Texas Education Agency, financial rating services, and other interested parties.

Profile of the District

Weslaco is located in the southern tip of Texas in the heart of the Rio Grande Valley, which is considered to be one of the top growth areas in the state and in the country. Weslaco city officials organized the school district soon after the city's establishment in 1919. With an enrollment of 350 in its first school year, 1921-22, the District had a faculty of ten and a graduating class of nine students. The first official school building, which still stands on the corner of Illinois and 7th Streets, was completed in February 1922.

Today, as Weslaco ISD prepares to celebrate its centennial, it encompasses approximately 54.40 square miles. The District is empowered to levy property taxes on all real and personal property within its boundaries. The District is governed by a seven member Board of Trustees (the Board) elected by the registered voters of the District. The Board is responsible, among other things, for adopting and amending the annual budget, making policy, setting goals, approving contracts and personnel appointments, and hiring the superintendent. The superintendent is responsible for carrying out the policies of the Board and for overseeing the day-to-day operations of the District. With an official budget of around \$194 million and over 2,200 employees, Weslaco ISD is the largest employer in the city of Weslaco.

The annual budget is the foundation of the District's financial planning and control. After public hearings, the budget is legally enacted by Board resolution each year prior to September 1. Once it is approved, the budget can only be changed at the function and fund level by amendments approved by a majority of the members of the Board. Budget-to-actual comparisons are provided in this report for the General Fund, the Food Service Fund, and the Debt Service Fund. The comparison for the General Fund is presented in Exhibit C-5, and the Food Service Fund and Debt Service Fund in Exhibits J-2 and J-3, respectively. Most of the other special revenue funds are controlled by project-length budgets approved by State and Federal grantor agencies, for which budget-to-actual comparisons are not included in this report. A project-length spending plan, as outlined in the ordinances, which authorized the maintenance tax note(s), is used for any Capital Project Fund.

Budget managers have the authority to approve budget transfers anytime during the year. A budget transfer is the movement of appropriations between budget line items within the same function. Any request to move appropriations between budget line items to different functions is considered a budget amendment. Any budget amendment requested by budget managers requires Board approval.

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

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

Weslaco ISD serves a student population of around 16,500 students with four high schools, four middle schools, ten elementary schools, a disciplinary alternative education program, and a 21st Century Early Learning Foundation Academy. It offers a technology infused and challenging curriculum aligned to college and career readiness standards taught by highly qualified and effective teachers. The District's mission is to deliver a complete educational experience grounded in creativity, synergy, problem solving, and critical thinking that develops lifelong learners, confident leaders, and engaged citizens. The District follows a school feeder pattern. Students (PK – 5th grade) from its 10 elementary schools are zoned to one of four middle schools. Middle school students (6th – 8th grade) are zoned to one of the two 9th – 12th grade comprehensive high schools. The District also operates one CTE Early College high school, one Alternative high school, a disciplinary alternative education program, as well as a 21st Century Early Learning Foundation Academy. The District's 1,043 teachers are offered ongoing professional learning opportunities on best practices/strategies in instruction, differentiation, pedagogy, technology, curriculum, college readiness, and various other topics of interest. Weslaco ISD provides opportunities for students to participate in a multitude of programs designed to accommodate their individual needs and interests that prepare them for life, college, and career.

Current Economic Condition

The state and local economy have been affected by the coronavirus (Covid-19). On March 13, 2020 the Texas governor declared a statewide disaster for Covid-19. The federal government approved Texas as a major disaster on March 25, 2020 which allowed the state to receive federal assistance due to Covid-19. In 2020 and 2021, Congress passed three stimulus bills that provided nearly \$190.5 billion to the Elementary and Secondary School Emergency Relief (ESSER) Fund. States receive funds based on the same proportion that each state receives under the Elementary and Secondary Education Act (ESEA) Title I Part A. States must distribute at least 90% of funds to local education agencies (LEAs) based on their proportional share of ESEA Title I Part A funds. States have the option to reserve 10% of the allocation for emergency needs as determined by the state to address issues responding to the COVID-19 pandemic. TEA allocated approximately \$77.2 million of ESSER funding to the District starting 2019-20 and going through 2024-25. TEA substituted \$10.3 million of this federal revenue for the state revenue the District would have received from the foundation school program for fiscal year 2020 and 2021. The rest is additional federal funding for the District.

Local Economy

Located in the center of the Rio Grande Valley, Weslaco continues to experience steady growth. Signs show a return to expansion and more rapid gains for the economy. Property values reflect an increase in comparison to prior year and are expected to continue growing in the next few years.

At the end of June 2021 and considering the impact of COVID-19, the national unemployment was at about 6.1% which has recovered significantly from June of 2020. Texas was slightly above the national average at 6.6%. According to the Texas Workforce Commission data link (TRACER), the unemployment rate in Weslaco has decreased from 12.4 percent in June 2020 to 11.5 percent in June 2021. However, even with Covid-19, the per capita personal income has increased 15.9 percent over the last ten years.

The District has maintained a stable fund balance. This strong financial position allows the District to receive AA+ high bond ratings issued by both Fitch and Standard and Poor's. A strong fund balance also allows the District to respond to unexpected situations that arise.

Long-Term Financial Planning

The District continues to experience a decline in student enrollment of approximately 4.8% over the past 5 years. Anticipated enrollment for the 2021-2022 school year remains around 16,700 students. The 20 school sites that serve the students of Weslaco ISD were built as early as 1922 with the most recent elementary school built in 2010.

The 86th Texas Legislature passed House Bill 3 (HB3) on June 11, 2019. HB3 made significant changes to the state's funding formula and provided property tax relief through compression of school districts' maintenance and operations (M&O) property tax rate. Districts with property values growth more than 2.5% per year are required to compress maintenance and operations tax rate. The M&O tax rate for fiscal year 2021-22 is \$0.9407 compared to \$0.9989 for fiscal year 2020-21 while the I&S tax rate increased to \$0.04 in 2021-22 from \$0.02 in 2020-21. State funding for the general fund is about 73% of the total general fund revenue. In addition, Congress passed various supplemental appropriations to prevent, prepare for, and respond to the coronavirus pandemic. The District has received supplemental federal funds that must be obligated by September 2022 (ESSER I), September 2023 (ESSER II), and September 2024 (ESSER III). However, other federal funding is expected to decrease due to the sequestration of federal funds at the National level. Grant funding plays an important role as a resource to supplement regular funding and to expand programs needed for greater academic achievement. The District is focusing on greater efficiency through the use of technology to help reduce labor and time consuming paperwork. Future plans for a bond are continuously evaluated based on facility needs, local economic conditions, and the support of state legislative funding.

The educational stakeholders of the District continue working on strategic plans for educational programs, technology resources, facilities, and staffing that will be implemented over the next several years. By applying conservative principles and proactive staffing guidelines and practices, Weslaco ISD has been able to maintain a strong financial position. Future budgets will be based on the same principles and, the District should be able to meet all its needs.

Awards

Weslaco ISD has received the highest financial accountability rating of "Superior Achievement" on the Financial Integrity Rating System of Texas (FIRST) as awarded by the Texas Education Agency for the past nineteen years. Senate Bill 218 of the 77th Legislature (2001) authorized the implementation of a financial accountability rating system referred to as School FIRST. Weslaco ISD has received a perfect score in four out of the last five years. The primary purpose of the Financial Integrity Rating System of Texas (FIRST) is to ensure that school districts will be held accountable for the quality of their financial management practices and to achieve improved performance in the management of their financial resources.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Weslaco Independent School District for its Annual Comprehensive Financial Report the last two years. 2019 was the first year that the Weslaco Independent School District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate of achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the

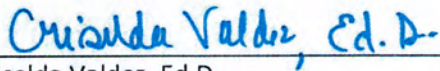
Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

Preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the Finance Department. We appreciate the contribution made in the preparation of this report.

We would especially like to thank the District's Board of Trustees for their time, dedication, and support to the students and staff of Weslaco ISD. A sincere appreciation is also extended to our independent auditors, Carr, Riggs, & Ingram, LLC for their assistance in the preparation of this report.

Respectfully,



Criselda Valdez, Ed.D.
Interim Superintendent



Andres Sanchez Jr., RTSBA, CPA
Assistant Superintendent of Business & Finance

This page is left blank intentionally

WESLACO INDEPENDENT SCHOOL DISTRICT

WESLACO, TEXAS

LIST OF PRINCIPAL OFFICIALS

2020 - 2021

BOARD OF TRUSTEES

Armando Cuéllar Jr., President

Dr. Jaime Rodríguez, Vice President

Jesse Treviño, Secretary

Marcos de los Santos Jr., Trustee

Andrew González, Trustee

Isidoro Nieto, Trustee

Jaclyn Sustaita, Trustee

ADMINISTRATORS

Dr. Criselda Valdez, Interim Superintendent

Andrés Sánchez Jr., CPA, Assistant Superintendent of Business & Finance

Dr. Sergio García, Assistant Superintendent for Administration & Support Services

Abel Aguilar, Assistant Superintendent for Elementary Education & Leadership

This page is left blank intentionally



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Weslaco Independent School District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2020

Christopher P. Morill

Executive Director/CEO

This page is left blank intentionally



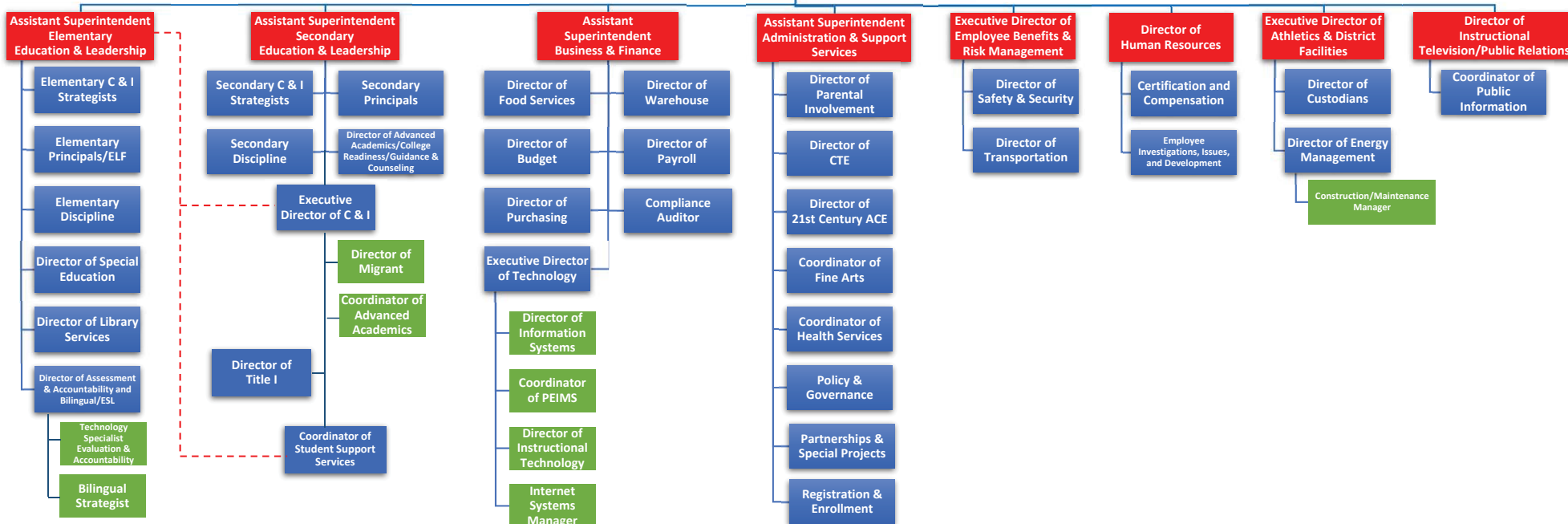
WESLACO INDEPENDENT SCHOOL DISTRICT

2020-2021 ORGANIZATIONAL CHART

BOARD OF TRUSTEES



Superintendent of Schools
Priscilla Canales, Ph.D.



BOARD APPROVED 12-10-2018

This page is left blank intentionally

CERTIFICATE OF BOARD

Weslaco Independent School District
Name of School District


Hidalgo
County

108-913
Co-District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2021, at a meeting of the Board of Trustees of such school district on the 18th day of January, 2022.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are): (attach list as necessary)

This page is left blank intentionally

FINANCIAL SECTION

This page is left blank intentionally

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Weslaco 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 Weslaco Independent School District (the "District") as of and for the year ended August 31, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Weslaco Independent School District as of August 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 W. to the financial statements, the prior year financial statements have been restated in the amount of \$831,493 in the custodial fund and \$87,377 in a special revenue fund 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, Pension and OPEB liabilities related schedules, and the related notes to the required supplementary information as listed in the table of contents 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 District's basic financial statements. The introductory section, the combining fund statements, the required Texas Education Agency ("TEA") schedules, statistical section, and the schedule of required responses to selected school FIRST indicators are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining fund financial statements and the required TEA schedules, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and required TEA schedules, as listed in the table of contents, 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, statistical section and schedule of required responses to selected school FIRST indicators have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

McAllen, Texas
January 18, 2022

This page is left blank intentionally

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Weslaco Independent School District's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2021. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's total net position is \$2,675,298 at August 31, 2021 as shown on the government-wide financial statements. This amounted to an increase in net position of \$3,826,073 as a result of current year's operations and an increase of \$87,377 due to a prior period adjustment (See Note Y).

The District's governmental fund financial statements reported an ending fund balance of \$68.54 million at August 31, 2021, which is a net increase in fund balance of \$5.54 million as a result of current year's operations and an increase of \$.087 million as a result of a prior period adjustment (See Note Y). The increase in governmental fund balances was primarily due to an increase in the General Fund fund balance of \$11.65 million offset by a decrease of Debt Service fund balance of \$0.77 million, and a decrease of \$5.32 million in the Capital Projects Fund.

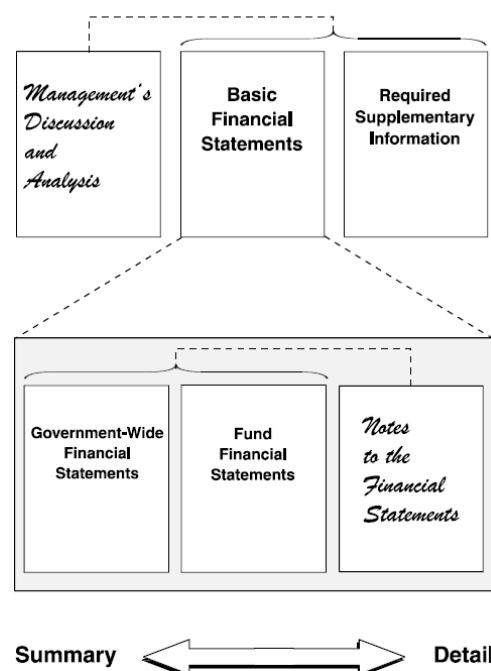
At the end of the current fiscal year, total unassigned fund balance for the General Fund was \$50.4 million or 29.7 percent of the total General Fund expenditures of \$169.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- * The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- * The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- * *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- * *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.
- * *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.

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



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

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

Government-wide Statements

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

The two government-wide statements report the District's *net position* and changes in the *net position*.

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

Type of Statements

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

Net position—the difference between the District’s assets, deferred inflows/outflows, and liabilities—is one way to measure the District’s financial health or *position*.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District’s tax base.

The government-wide financial statements of the District include the *Governmental Activities*. Most of the District’s basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *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.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District’s combined net position increased by \$3,913,450, between fiscal years 2020 and 2021 to \$2,675,298 as of August 31, 2021. (See Table A-1 on the next page).

Table A-1
Weslaco Independent School District
Net Position

	Governmental Activities			Total Percentage Change
	2021	2020	Change	
Current and other assets	\$ 97,037,860	\$ 91,311,574	\$ 5,726,286.27	6.27%
Capital and non-current assets	140,022,041	143,301,886	(3,279,845)	-2.29%
Total Assets	237,059,901	234,613,460	2,446,441	1.04%
Deferred outflow of resources	30,101,519	36,527,125	(6,425,606)	-17.59%
Current liabilities	21,088,963	20,767,664	321,300	1.55%
Long term liabilities	188,922,606	206,643,322	(17,720,716)	-8.58%
Total Liabilities	210,011,570	227,410,986	(17,399,417)	-7.65%
Deferred inflow of resources	54,474,553	44,967,751	9,506,802	21.14%
Net Position:				
Net investment in capital assets	67,097,951	67,359,544	(261,593)	-0.39%
Restricted	14,223,015	18,907,287	(4,684,272)	-24.77%
Unrestricted	(78,645,669)	(87,504,983)	8,859,314	-10.12%
Total Net Position	\$ 2,675,298	\$ (1,238,152)	\$ 3,913,450	-316.07%

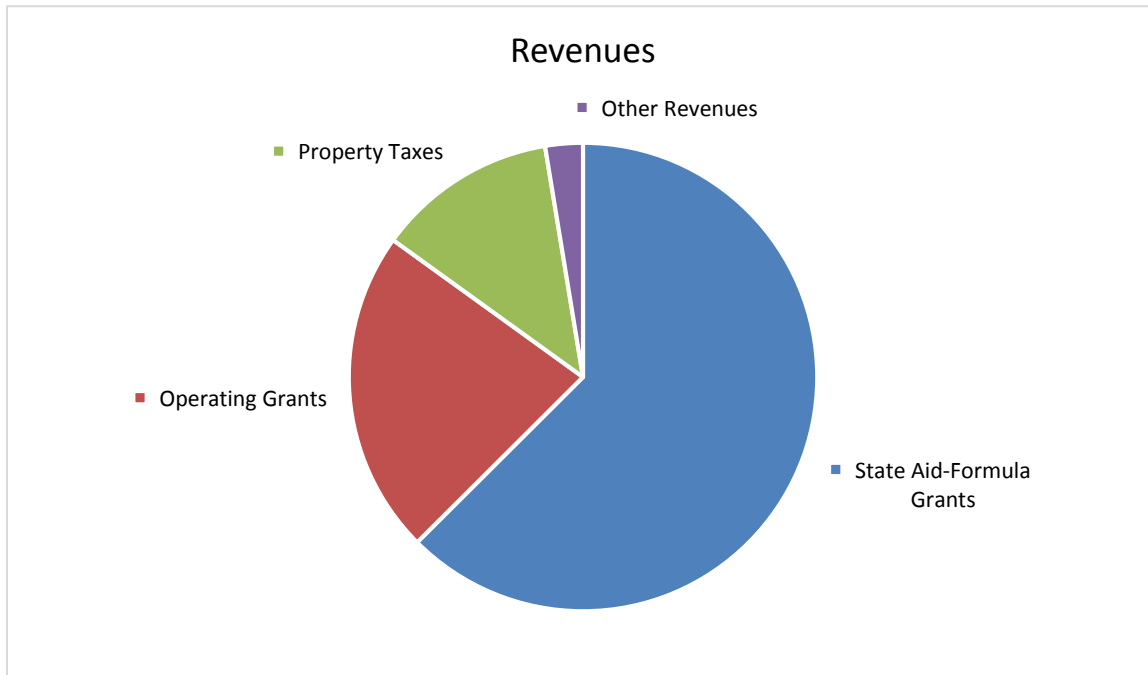
The District's net position increased 316.07% from a prior year deficit of \$(1,238,152) to \$2,675,298 at August 31, 2021. However, most of the total net position is either net invested in capital assets or is restricted as to the purposes they can be used for. Restricted net position decreased 24.77% due to an increase in construction expenditures. Unrestricted net position amounted to \$(78,645,669) at the end of this fiscal year. The unrestricted balance deficit decreased by 10.12% from the prior year. The deficit in the unrestricted balance was mainly due to GASB 68 and 75 transactions.

Governmental Activities

Changes in net position. The District's total revenues were \$215,230,059 for fiscal year ended August 31, 2021. A significant portion of revenue is derived from the following: 62.5% comes from state-aid formula grants, 23.0% of the District's revenue comes from operating grants, and 12.5% is related to property taxes collected, 2.0% of total revenue is composed of investment earnings received, charges for services, and miscellaneous revenue. (See Figure A-3 on the next page).

Governmental Activities

FIGURE A- 3 WISD SOURCES OF REVENUE FOR FISCAL YEAR 2021



The property tax rate was 1.0189 in 2020-21. The Maintenance and Operations tax rate was 0.9989 and the Debt Service tax rate was 0.0200. The property tax rate will decrease in 2021-22 due to House Bill 3. The Maintenance and Operations tax rate will be 0.9407 and the Debt Service tax rate will be 0.0400.

The total cost of all programs and services was \$211,403,986 of which 47.5% of these costs was for instruction, 12.5% was for general administration, 9.0% is for facilities maintenance and operations, and 5.6% for food services to students which represent the major function percentages for fiscal year ended August 31, 2021. (See Figure A-4)

Governmental Activities – Changes in the District's Net Position Table A-2 Continues on next page.

Table A-2
Weslaco Independent School District
Changes in Net Position

	Governmental Activities			Total Percentage Change
	2021	2020	Change	
Program Revenues:				
Charges for services	\$ 4,255,988	\$ 5,222,806	\$ (966,818)	-18.51%
Operating grants & contributions	49,462,645	53,350,814	(3,888,169)	-7.29%
General Revenues :				
Property taxes	26,810,913	25,644,764	1,166,150	4.55%
Grants and contributions , unrestricted state aid-form	134,574,757	127,012,919	7,561,838	5.95%
Investment earnings	89,255	1,093,132	(1,003,877)	-91.83%
Miscellaneous	36,501	36,884	(384)	-1.04%
Total Revenues	\$ 215,230,059	\$ 212,361,319	\$ 2,868,740	1.35%
Total Expenses (By-Function)				
Instruction	\$ 100,410,445	\$ 105,000,280	\$ (4,589,834)	-4.37%
Instructional resources and media services	3,596,076	3,778,530	(182,454)	-4.83%
Curriculum and staff development	7,582,845	8,242,148	(659,303)	-8.00%
Instructional leadership	2,374,248	2,602,581	(228,333)	-8.77%
School leadership	6,478,937	6,917,888	(438,951)	-6.35%
Guidance, counseling and evaluation services	7,271,716	7,683,091	(411,375)	-5.35%
Social work services	1,263,214	1,422,668	(159,453)	-11.21%
Health services	2,412,946	2,535,787	(122,841)	-4.84%
Student (pupil) transportation	4,427,142	5,114,576	(687,435)	-13.44%
Food services	11,775,865	11,777,372	(1,507)	-0.01%
Extracurricular activities	6,557,145	8,587,794	(2,030,648)	-23.65%
General administration	26,477,291	21,989,362	4,487,929	20.41%
Facilities maintenance and operations	19,074,364	17,892,505	1,181,859	6.61%
Security and monitoring services	2,387,880	3,527,828	(1,139,948)	-32.31%
Data processing services	2,609,708	2,368,371	241,337	10.19%
Community services	3,998,704	4,001,334	(2,630)	-0.07%
Debt service - interest on long term debt	2,237,527	2,511,783	(274,257)	-10.92%
Debt service - bond issuance cost and fees	107,994	137,547	(29,553)	-21.49%
Construction	-	200,435	(200,435)	-100.00%
Payments to juvenile justice alternative ed. program	100,000	85,635	14,365	16.77%
Other Intergovernmental Charges	259,939	248,201	11,738	4.73%
Total Expenses	\$ 211,403,986	\$ 216,625,715	\$ (5,221,730)	-2.41%
Total Increase (decrease) in Net Position	\$ 3,826,073	\$ (4,264,397)	\$ 8,090,470	-189.72%
Net position beginning	(1,238,152)	3,026,245	(4,264,397)	-140.91%
Prior Period Adjustment	87,377	-	87,377	N/A
Net position on beginning, as restated	(1,150,776)	3,026,245	(4,177,020)	-138.03%
Net Position Ending	2,675,298	(1,238,152)	3,913,450	-316.07%

Governmental Activities-Continued

- The cost of all governmental activities this year was \$211,403,986.
- Cost paid by those who directly benefited from the programs totaled \$4,255,988.
- Other cost were paid by Operating Grants and Contributions of \$49,462,645.
- However, the amount that our taxpayers paid for these activities through property taxes was \$26,810,913.

Table A-4 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. General Administration net costs increased 25.24%. This was mainly due to increased self-insurance pay outs by over 24% due to the pandemic while funding decreased by over 3%. Food Service net costs decreased by 93.33% primarily due to School Emergency Operational Costs funds received during the year. In 2020, Food Service net costs had increased significantly due to a decrease of participation rates of 71% and a significant increase in food costs due to the pandemic. This program was designed to help districts offset some of last year's losses due to the pandemic.

Table A-4
Weslaco Independent School District
Net Cost of District's Major Governmental Activities

	<u>Costs</u>			<u>Net Costs</u>		
	2021	2020	% Change	2021	2020	% Change
Instruction	\$ 100,410,445	\$ 105,000,280	-4.37%	\$ 80,910,814	\$ 79,393,092	1.91%
Curriculum and Staff Development	7,582,845	8,242,148	-8.00%	4,646,297	5,053,900	-8.07%
Food Service	11,775,865	11,777,372	-0.01%	86,640	1,297,984	-93.33%
General Administration	26,477,291	21,989,362	20.41%	21,300,021	17,007,490	25.24%
Plant Maintenance & Operations	19,074,364	17,892,505	6.61%	15,723,729	16,299,305	-3.53%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS GOVERNMENTAL FUNDS

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

As of August 31, 2021, the District's governmental funds reported ending fund balances of \$68,543,046. Of the current ending fund balances, the general fund reported an ending fund balance of \$60,186,022 while the rest of the funds amounted to a fund balance of \$8,357,024. The following categories are recorded and primary uses noted in accordance with GASB No. 54.

- \$2,627,536 is recorded as non-spendable, of which \$1,324,486 is for as non-spendable for inventories and \$1,303,050 is non-spendable for prepaid items.
- \$14,874,572 is recorded as restricted, of which \$6,948,370 is restricted for federal or state programs; \$5,405,526 is restricted for capital acquisitions and contractual obligations; and \$2,520,676 is restricted retirement of long-term debt.
- \$389,959 is recorded as committed fund balance for student activities.
- \$293,744 is recorded as assigned, of which \$237,381 for unliquidated purchase orders rolled forward; \$15,499 for technology related expenditures; and \$40,864 is assigned for scholarships.
- \$50,357,236 is recorded as unassigned and is available for spending at the government's discretion.

Revenues from governmental fund types totaled \$208,522,283 as of August 31, 2021. This is an increase of \$7,395,268 from August 31, 2020's total of \$201,127,015. The increase was due mainly to ESSER II and ESSER III funding.

General Fund

The general fund is the chief operating fund of the District. At the end of the fiscal year, the fund balance of the general fund was \$60,186,022. This represents an increase of \$11,645,827 or 23.99%. Factors listed below contributed to the overall increase in fund balance to the General Fund.

- Tax revenues increased by 5.49 % due primarily to the increase of taxable property values by over 8.3% driven by increased local real estate market values.
- State foundation revenues increased by 5.8% due to the District accruing 7 days of foundation revenues in August 2021 versus 1 day in August 2020 due to students coming in earlier in August in 2021.
- The District received School Emergency Operational Costs funds in 2020/21 fiscal year to offset losses in food service in the prior and current year due to the COVID-19 pandemic.
- Indirect cost increased by 72.66% primarily due to indirect costs from the ESSER funds.
- While general fund revenues increased by 4.84%, the District's general fund expenditures increased less than 0.05% due primarily to the District not filling many vacant positions due to the low in person attendance rate due to the pandemic.
- Operating transfers to the District's construction decreased by 95.82% due to a decrease in construction projects due to the COVID-19 pandemic.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget numerous times. Even with these adjustments, actual expenditures were \$20,041,645 below final budget amounts. The most significant positive variance resulted from staffing. Staffing is budgeted for full employment throughout the full year. Budget amounts for vacant positions throughout the year are not revised. Also, due to lower ADA due to the COVID-19 pandemic, many vacant positions were not filled during the year.

- Instructional expenses were budgeted at a total of \$99,108,034 and actual expenditures totaled \$91,031,327. The District reclassified \$3,607,000 of instructional salaries to ESSER II funds since the state reduced our state funding by the Hold Harmless and replaced them by ESSER II funds which is a federal grant and accounted for as a special revenue fund. This created one of the most significant expenditure variance in the budget which totaled a savings of \$8,076,707 of expected expenses.

On the other hand, resources available were budgeted at a total of \$178,549,352 and actual revenues totaled \$183,489,254, netting a difference of \$4,939,902 more than budgeted. Due to the COVID-19 pandemic, the District budgeted very conservatively for the 20/21 school year. Our state aid was also reduced by \$3.607 million for the Hold Harmless and was replaced by ESSER II funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had invested \$317,158,335 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-5.) This amount represents a net decrease of \$3,279,845 or 2.29% (including additions, deductions and depreciation).

Table A-5
Weslaco Independent School District
District's Capital Assets

	2021	2020	Change	Change
Land	\$ 23,182,220	\$ 21,993,004	\$ 1,189,215	5.41%
Construction in Progress	6,762,557	13,256,638	(6,494,081)	-48.99%
Buildings and Improvements	259,460,810	249,353,459	10,107,351	4.05%
Furniture and Equipment	27,752,749	27,612,510	140,239	0.51%
Totals at Historical Cost	317,158,335	312,215,611	4,942,724	1.58%
Accumulated Depreciation	(177,136,294)	(168,913,725)	(8,222,570)	4.87%
Net Capital Assets	\$ 140,022,041	\$ 143,301,886	\$ (3,279,845)	-2.29%

More detailed information about the District's capital assets is presented in the notes to the financial statements (Note F).

Long Term Debt

At year-end, the District had \$38,610,000 million in bonds and \$26,308,236 notes and loans outstanding as shown in Table A-6. More detailed information about the District's debt is presented in the notes to the financial statements (Note G).

District's Long Term Debt – Table A-6 continues on next page.

Bond Ratings

The District's bonds presently carry "AAA/Stable" ratings with underlying ratings as follows: S & P Global Ratings "A+/Stable"

Table A-6
Weslaco Independent School District
District's Long Term Debt

	2021	2020	Change	% Change
Bond Payable	\$ 38,610,000	\$ 40,775,000	\$ (2,165,000)	-5.31%
Notes/Loans Payable	26,308,236	27,856,801	(1,548,565)	-5.56%
Premium on Bonds	8,767,558	9,193,137	(425,578)	-4.63%
Compensated Absences	999,380	1,011,400	(12,020)	-1.19%
Capital Lease Payable	-	33,125	(33,125)	-100.00%
Net Pension Liability	58,358,280	56,505,242	1,853,038	3.28%
Net OPEB Liability	55,879,152	71,268,618	(15,389,466)	-21.59%
Total Long Term Liabilities	\$ 188,922,606	\$ 206,643,322	\$ (17,720,716)	-8.58%

NEXT YEAR'S BUDGETS AND RATE

The District's elected and appointed officials considered many factors when setting the fiscal year 2022 budget and tax rates. For the 2021-22 school year, the district prepared to welcome back all students to in-person learning. The 87th Texas Legislature focused on fully funding HB3 even during the pandemic but they failed to pass a virtual learning bill during the regular session. Governor Abbott called a special session where they did approve a temporary virtual learning bill to provide state funding for remote instruction. The COVID pandemic continues to present many unforeseen challenges that include food shortages, construction material delays and labor shortages. Even though the Legislature has committed to funding HB3, local districts are concerned because of the high costs of HB3. Further implementation of HB3 will be the focus of future fiscal years and how the State of Texas will address any shortfalls in revenue due to the recovering economy. The District will continue to budget conservatively in order to adjust to any legislative actions that may occur in future sessions.

The District will be changing their year end from August 31st to June 30th during the 2022 school year. As a result, the fiscal year 2022 budget will be a 10 month budget.

Overall, the District budgets assumed reducing the total tax rate from \$1.0189 in fiscal year 2020-21 to \$0.9807 for 2021-22 based on certified values.

These indicators were taken into account when adopting the General Fund budget for 2022. Amounts available for appropriation in the General Fund budget are \$ 177.1 million, with a decrease of 0.78% over the final 2021 budget of \$ 178.5 million. State per capita payments account for all of the revenue decrease. This decrease is due to lower expected ADA due to the COVID-19 pandemic. As of mid-November 2021, ADA was approximately 1,435 students lower than budget, and approximately 1,307 below last year's first two six weeks. The district is reaching out to all students registered last year who did not show up at the start of school in August 2021. The District will be reclassifying all second and third grade teachers paid out of local maintenance to ESSER III in order to offset losses in state funding due to lower than expected ADA.

The District will use its revenues to finance programs we currently offer. Budgeted expenditures are expected to decrease 1.7% to \$172.9 million from \$175.8 million original budget in 2021. This is mainly due to the District's budget for 2022 being a 10 month budget versus a 12 month budget for 2021.

If these estimates are realized, the District's budgetary General Fund fund balance is expected to increase by \$4.2 million by the close of 2022. This is due to the vast amount of revenues being earned by June 30th while July and August expenditures are recorded in the 2023 school year.

The District budget does not include budgeted expenses related to COVID-19. The District will use ESSER II and ESSER III funds for the vast majority of COVID-19 expenditures. The District will also use these funds to pay for current and additional staffing, accelerated instruction, retention stipends, and construction projects over the next three years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at WESLACO ISD, 312 West Fifth Street, Weslaco, Texas.

BASIC FINANCIAL STATEMENTS

This page is left blank intentionally

WESLACO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2021

Data Control Codes		Primary Government	
		Governmental Activities	
ASSETS			
1110	Cash and cash equivalents	\$	73,788,537
1220	Property taxes receivable		3,873,016
1230	Allowance for uncollectible taxes		(141,850)
1240	Due from other governments		16,665,228
1290	Other receivables		7,482
1300	Inventories - supplies and materials		1,492,839
1410	Prepaid items		1,352,608
	Capital assets not being depreciated:		
1510	Land		6,661,889
1580	Construction in progress		6,762,557
	Capital assets net of accumulated depreciation:		
1510	Land improvements, net		6,279,564
1520	Buildings, net		112,489,146
1530	Furniture and equipment, net		7,828,884
1000	TOTAL ASSETS		237,059,901
DEFERRED OUTFLOWS OF RESOURCES			
1701	Deferred charge on refunding		1,564,797
1705	Deferred outflows for TRS pension		21,070,695
1706	Deferred outflows for TRS OPEB		7,466,027
1700	TOTAL DEFERRED OUTFLOWS OF RESOURCES		30,101,519
LIABILITIES			
2110	Accounts payable		5,653,344
2120	Accrued liabilities		1,869,430
2140	Interest payable		165,689
2150	Payroll deductions & withholdings		1,393,470
2160	Accrued wages payable		7,460,615
2180	Due to other governments		179,053
2300	Unearned revenues		4,367,363
	Noncurrent liabilities:		
2501	Due within one year: Loans, Notes, etc.		4,033,859
	Due in more than one year		70,651,316
2502	Bonds, Notes, etc.		
2540	Net pension liabilities		58,358,280
2545	Net OPEB liability (proportionate share)		55,879,152
2000	TOTAL LIABILITIES		210,011,570
DEFERRED INFLOWS OF RESOURCES			
2605	Deferred inflow for TRS pension		9,059,845
2606	Deferred inflow for TRS OPEB		45,414,708
2600	TOTAL DEFERRED INFLOWS OF RESOURCES		54,474,553
NET POSITION			
3200	Net investment in capital assets		67,097,951
	Restricted for:		
3820	Federal and state programs		7,147,328
3850	Debt service		2,533,075
3860	Capital projects		4,542,612
3900	Unrestricted		(78,645,669)
3000	TOTAL NET POSITION	\$	2,675,298

The accompanying notes are an integral part of this statement

The accompanying notes are an integral part of this statement.

WESLACO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data	10					
Control						Total
Codes	General				Other	Governmental
	Fund	ESSER II	ESSER III		Funds	Funds
ASSETS						
1110	Cash and cash equivalents	\$ 57,339,694	\$ -	\$ -	\$ 11,370,243	\$ 68,709,937
1220	Property taxes receivable	3,746,073	-	-	126,942	3,873,016
1230	Allowance for uncollectible taxes	(129,152)	-	-	(12,697)	(141,850)
1240	Due from other governments	7,029,226	3,607,000	3,252,251	2,776,751	16,665,228
1260	Due from other funds	8,501,289	-	-	-	8,501,289
1290	Other receivables	7,470	-	-	12	7,482
1300	Inventories	1,492,839	-	-	-	1,492,839
1410	Prepaid items	1,303,050	-	-	-	1,303,050
1000	Total Assets	<u>\$ 79,290,489</u>	<u>\$ 3,607,000</u>	<u>\$ 3,252,251</u>	<u>\$ 14,261,252</u>	<u>\$ 100,410,991</u>
LIABILITIES						
Liabilities:						
2110	Accounts payable	\$ 2,967,659	\$ -	\$ 10,214	\$ 2,051,886	\$ 5,029,758
2150	Payroll deductions & withholdings payable	1,393,470	-	-	-	1,393,470
2160	Accrued wages payable	6,944,877	-	48,479	467,259	7,460,615
2170	Due to other funds	-	3,607,000	3,193,557	1,700,732	8,501,289
2180	Due to other governments	97,066	-	-	81,987	179,053
2300	Unearned revenues	2,876,250	-	-	1,491,112	4,367,363
2000	Total Liabilities	<u>14,279,322</u>	<u>3,607,000</u>	<u>3,252,251</u>	<u>5,792,976</u>	<u>26,931,548</u>
DEFERRED INFLOWS OF RESOURCES						
2601	Unavailable revenue - property taxes	3,460,401	-	-	111,252	3,571,653
2602	Unavailable revenue - SHARS	1,364,745	-	-	-	1,364,745
2600	Total deferred inflows of resources	<u>4,825,145</u>	<u>-</u>	<u>-</u>	<u>111,252</u>	<u>4,936,397</u>
FUND BALANCES						
Nonspendable fund balance:						
3410	Inventories	1,324,486	-	-	-	1,324,486
3430	Prepaid items	1,303,050	-	-	-	1,303,050
Restricted fund balance:						
3450	Grant restrictions	6,948,370	-	-	-	6,948,370
3470	Capital acquisitions	-	-	-	5,405,526	5,405,526
3480	Retirement of debt	-	-	-	2,520,676	2,520,676
Committed fund balance:						
3545	Other committed fund balances	-	-	-	389,959	389,959
Assigned fund balance:						
3590	Other assigned fund balance	252,880	-	-	40,864	293,744
3600	Unassigned fund balance	50,357,236	-	-	-	50,357,236
	Total Fund Balances	<u>60,186,022</u>	<u>-</u>	<u>-</u>	<u>8,357,024</u>	<u>68,543,046</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 79,290,489</u>	<u>\$ 3,607,000</u>	<u>\$ 3,252,251</u>	<u>\$ 14,261,252</u>	<u>\$ 100,410,991</u>

The accompanying notes are an integral part of this statement.

WESLACO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2021

Total Fund Balance - Governmental Funds	\$ 68,543,046
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of position. The net effect of this consolidation is to increase (decrease) net position.	2,635,142
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$312,215,611 and the accumulated depreciation was \$168,913,725. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	74,636,960
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statement, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt principal payments is an increase (decrease) net position.	8,966,902
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 \$21,070,695, a deferred resource inflow in the amount of \$9,059,845, and a net pension liability in the amount of \$58,358,280. This resulted in an increase (decrease) in net position.	(46,347,430)
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 \$7,466,027, a deferred resource inflow in the amount of \$45,414,708, and a net OPEB liability in the amount of \$55,879,152. This resulted in an increase (decrease) in net position.	(93,827,833)
The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(8,500,058)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue as revenue, recognizing the liabilities associated with maturing long-term debt, interest, and compensated balances. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	(3,431,432)
Net Position of Governmental Activities	\$ 2,675,298

The accompanying notes are an integral part of this statement.

WESLACO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	10 General Fund	ESSER II	ESSER III	Other Funds	Total Governmental Funds
REVENUES:					
5700 Local and intermediate sources	\$ 26,986,696	\$ -	\$ -	\$ 599,439	\$ 27,586,135
5800 State program revenues	142,291,143	-	-	1,078,649	143,369,792
5900 Federal program revenues	14,211,416	4,254,629	2,991,565	16,108,745	37,566,355
Total Revenues	<u>183,489,254</u>	<u>4,254,629</u>	<u>2,991,565</u>	<u>17,786,833</u>	<u>208,522,283</u>
EXPENDITURES:					
Current					
0011 Instruction	91,031,327	4,233,045	706,678	7,275,105	103,246,154
0012 Instruction resources & media services	2,812,562	1,884	-	949,375	3,763,821
0013 Curriculum & staff development	5,204,643	-	-	2,483,165	7,687,808
0021 Instructional leadership	1,739,944	5,182	10,444	695,237	2,450,807
0023 School leadership	6,658,872	-	-	118,774	6,777,646
0031 Guidance, counseling & evaluation services	6,099,357	5,182	-	1,426,520	7,531,059
0032 Social work services	905,576	-	35,710	375,974	1,317,260
0033 Health services	1,776,849	-	50,512	657,197	2,484,558
0034 Student (pupil) transportation	4,097,681	-	-	15,537	4,113,218
0035 Food services	12,205,431	-	2,000	-	12,207,431
0036 Co-curricular/extracurricular activities	5,387,985	-	1,125	20,133	5,409,243
0041 General administration	5,618,825	-	-	-	5,618,825
0051 Facilities maintenance & operations	16,661,963	-	2,185,096	683,092	19,530,151
0052 Security & monitoring services	2,564,754	-	-	-	2,564,754
0053 Data processing services	2,728,993	-	-	-	2,728,993
0061 Community services	1,329,378	9,337	-	2,590,425	3,929,140
Debt Service:					
0071 Debt service - principal on long term debt	1,581,690	-	-	2,165,000	3,746,690
0072 Debt service - interest on long term debt	954,182	-	-	1,788,075	2,742,257
0073 Debt service - bond issuance cost & fees	450	-	-	1,250	1,700
Capital Outlay					
0081 Facilities acquisitions and construction	-	-	-	4,808,015	4,808,015
Intergovernmental:					
0095 Payments to Juvenile Justice Alternative Ed. Prog.	100,000	-	-	-	100,000
0099 Other intergovernmental charges	259,939	-	-	-	259,939
6030 Total Expenditures	<u>169,720,400</u>	<u>4,254,629</u>	<u>2,991,565</u>	<u>26,052,873</u>	<u>203,019,468</u>
1100 Excess (Deficiency) of Revenues Over (Under)	<u>13,768,854</u>	<u>-</u>	<u>-</u>	<u>(8,266,040)</u>	<u>5,502,815</u>
OTHER FINANCING SOURCES (USES)					
7912 Sale of real and personal property	36,501	-	-	-	36,501
7915 Transfers in	-	-	-	2,159,528	2,159,528
8911 Transfers out (uses)	(2,159,528)	-	-	-	(2,159,528)
7080 Total Other Financing Sources (Uses)	<u>(2,123,027)</u>	<u>-</u>	<u>-</u>	<u>2,159,528</u>	<u>36,501</u>
1200 Net change in fund balances	11,645,827	-	-	(6,106,512)	5,539,315
0100 Fund balance - September 1 (beginning)	48,540,195	-	-	14,376,159	62,916,354
1300 Prior period adjustment	-	-	-	87,377	87,377
3000 Fund balance - August 31 (ending)	<u>\$ 60,186,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,357,024</u>	<u>\$ 68,543,046</u>

The accompanying notes are an integral part of this statement.

WESLACO 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 AUGUST 31, 2021

Total Net Change in Fund Balance - Governmental Funds	\$ 5,539,315
The District uses internal service funds to charge the costs of certain activities, such self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.	(1,404,722)
Current year capital outlays and long-term principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the governmental-wide financial statements. The net effect of removing the 2021 capital outlays and debt principal payments is to increase (decrease) net position.	8,966,902
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(8,500,058)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and recognizing the liabilities associated with maturing long-term debt, interest, and compensated balances. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	1,514,321
GASB 68 requires 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 \$4,399,138. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$4,494,769. 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 \$4,679,749. The net result is an increase (decrease) in the change in net position.	(4,775,380)
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 \$1,075,288. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$1,116,733. 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 \$2,527,139. The net result is an increase (decrease) in the change in net position.	2,485,694
Change in Net Position of Governmental Activities	\$ 3,826,073

The accompanying notes are an integral part of this statement.

WESLACO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Original	Final	Actual Amounts	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Local and intermediate sources	\$ 24,908,510	\$ 24,909,010	\$ 26,986,696	\$ 2,077,686
5800	State program revenues	137,408,250	139,787,381	142,291,143	2,503,762
5900	Federal program revenues	13,459,961	13,852,961	14,211,416	358,455
	Total Revenues	<u>175,776,721</u>	<u>178,549,352</u>	<u>183,489,254</u>	<u>4,939,902</u>
	EXPENDITURES:				
	Current				
0011	Instruction	94,317,445	99,108,034	91,031,327	8,076,707
0012	Instruction Resources & Media Services	2,842,071	3,051,707	2,812,562	239,145
0013	Curriculum & Instructional Staff Development	5,734,942	5,919,504	5,204,643	714,861
0021	Instructional Leadership	1,921,159	1,981,036	1,739,944	241,092
0023	School Leadership	6,627,938	7,079,544	6,658,872	420,672
0031	Guidance, Counseling & Evaluation Services	5,957,394	6,331,929	6,099,357	232,572
0032	Social Work Services	1,049,334	1,057,490	905,576	151,914
0033	Health Services	1,622,513	2,305,475	1,776,849	528,626
0034	Student (Pupil) Transportation	5,012,532	5,179,956	4,097,681	1,082,275
0035	Food Services	11,357,901	13,298,541	12,205,431	1,093,110
0036	Co-curricular/Extracurricular Activities	6,390,797	6,579,726	5,387,985	1,191,741
0041	General Administration	5,243,511	5,990,247	5,618,825	371,422
0051	Facilities Maintenance & Operations	17,778,318	21,346,547	16,661,963	4,684,584
0052	Security & Monitoring Services	3,253,869	3,378,439	2,564,754	813,685
0053	Data Processing Services	2,501,837	2,778,527	2,728,993	49,534
0061	Community Services	1,241,664	1,406,847	1,329,378	77,469
0071	Debt service - principal on long term debt	1,611,554	1,611,554	1,581,690	29,864
0072	Debt service - interest on long term debt	953,685	953,685	954,182	(497)
0073	Debt service - bond issuance cost & fees	3,000	3,000	450	2,550
0095	Payments to Juvenile Justice Alternative Ed. Prog.	100,000	120,000	100,000	20,000
0099	Other intergovernmental charges	255,257	280,257	259,939	20,318
6030	Total Expenditures	<u>175,776,721</u>	<u>189,762,045</u>	<u>169,720,400</u>	<u>20,041,645</u>
1100	Excess (Deficiency) of Revenues Over (Under)	<u>-</u>	<u>(11,212,693)</u>	<u>13,768,854</u>	<u>24,981,547</u>
	Expenditures				
	OTHER FINANCING SOURCES (USES)				
7912	Sale of real and personal property	-	-	36,501	36,501
8911	Transfers out (uses)	-	(2,159,528)	(2,159,528)	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,159,528)</u>	<u>(2,123,027)</u>	<u>36,501</u>
1200	Net Change in Fund Balances	-	(13,372,221)	11,645,827	25,018,048
0100	Fund Balance - September 1 (Beginning)	<u>48,540,195</u>	<u>48,540,195</u>	<u>48,540,195</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 48,540,195</u>	<u>\$ 35,167,974</u>	<u>\$ 60,186,022</u>	<u>\$ 25,018,048</u>

The accompanying notes are an integral part of this statement

WESLACO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2021

Governmental
Activities
Internal
Service Funds

ASSETS

Current Assets:

Cash and cash equivalents

\$ 5,078,600

Prepaid items

49,558

Total Assets

5,128,158

LIABILITIES

Current Liabilities:

Account payables

623,585

Accrued expenses

1,869,430

Total Liabilities

2,493,015

NET POSITION

Unrestricted

2,635,142

Total Net Position

\$ 2,635,142

The accompanying notes are an integral part of this statement.

WESLACO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Governmental Activities Internal Service Funds</u>
OPERATING REVENUES:	
Local and Intermediate Sources	<u>\$ 19,677,005</u>
Total Operating Revenues	<u>19,677,005</u>
OPERATING EXPENSES:	
Professional and Contracted Services	3,004,536
Other Operating Costs	<u>18,084,441</u>
Total Operating Expenses	<u>21,088,977</u>
Operating Income (Loss)	<u>(1,411,972)</u>
NONOPERATING REVENUES:	
Earning from Temporary Deposits and Investments	<u>7,250</u>
Total Nonoperating Revenues	<u>7,250</u>
Change in Net Position	(1,404,722)
Total Net Position-September 1, (Beginning)	<u>4,039,864</u>
Total Net Position - August 31, (Ending)	<u><u>\$ 2,635,142</u></u>

WESLACO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	Governmental Activities <u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from interfund services provided	\$ 15,838,426
Receipts from employees	3,833,239
Receipts from other participants	5,339
Receipts from reimbursements and refunds	700
Payments for benefit claims	(18,010,283)
Payments for administration	<u>(3,054,567)</u>
Net cash used in operating activities	<u>(1,387,145)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>7,250</u>
Net cash provided by investing activities	<u>7,250</u>
Net decrease in cash and cash equivalents	(1,379,895)
Cash and Cash equivalents-beginning	<u>6,458,494</u>
Cash and Cash equivalents-ending	<u><u>\$ 5,078,600</u></u>
Reconciliation of operating income/(loss) to net cash used in operating activities	
Operating loss	\$ (1,411,972)
Adjustments to reconcile operating loss to net cash used in:	
(Increase) decrease in other receivables	112
(Increase) decrease in prepaid items	(49,558)
Increase (Decrease) in account payables	(686,055)
Increase (Decrease) in other current liabilities	<u>760,328</u>
Total adjustments	<u>24,827</u>
Net cash used in operating activities	<u><u>\$ (1,387,145)</u></u>

The accompanying notes are an integral part of this statement.

WESLACO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2021

	Custodial Funds
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 583,349
Total Assets	<u>583,349</u>
LIABILITIES	
Accounts payables	<u>846</u>
Total Liabilities	<u>846</u>
NET POSITION	
Restricted for Other Purposes	<u>582,503</u>
Total Net Position	<u><u>\$ 582,503</u></u>

The accompanying notes are an integral part of this statement.

WESLACO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	Custodial Funds
ADDITIONS:	
Miscellaneous Revenue - Student Activities	\$ 445,673
Contributions, Gifts, and Donations	<u>38,978</u>
Total Additions	<u>484,651</u>
DEDUCTIONS	
Supplies and Materials	519,210
Scholarship Payments	50,840
Other Deductions	<u>163,592</u>
Total Deductions	<u>733,642</u>
Change in Fiduciary Net Position	(248,991)
Total Net Position - September 1 (Beginning)	-
Prior Period Adjustment	<u>831,493</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 582,503</u></u>

The accompanying notes are an integral part of this statement.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Weslaco Independent School District (the "District") is an independent public educational agency operating under applicable laws and regulations of the State of Texas. A seven-member Board of Trustees, elected by the District's residents to staggered three-year terms, has fiscal accountability over all activities within the jurisdiction of the District. Board vacancies may be filled by appointment until the next election. Board decisions are based on a majority vote. The Board adopts policies, employs the Superintendent, and oversees operations of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board ("GASB") and other authoritative sources identified in Statement on Auditing Standards of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide" or "FASRG") and the requirements of contracts and grants of agencies from which it receives funds.

The following is a summary of the most significant accounting policies.

A. REPORTING ENTITY

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the District's financial reporting entity. Based on these considerations, no other entities have been included in the District's financial reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB.

The District receives support from various PTA, PTO, and Booster club organizations. Generally Accepted Accounting Principles require the District to report certain legally separate organizations as component units even though the District is not financially accountable for these organizations. These standards promulgated by GASB require that a legally separate tax-exempt organization be reported as a component unit if all of the criteria on the next page are met:

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. REPORTING ENTITY - Continued

1. The economic resources of the separate organization entirely, or almost entirely, directly benefit the primary government, its component units, or its constituents.
2. The primary government is entitled to, or can otherwise access, a majority of the economic resources of the separate organization.
3. The economic resources of the individual separate organization that the primary government is entitled to, or can otherwise access, are significant to that primary government.

While the various organizations noted above meet the first criteria specified by GASB, none of the organizations meet the second two requirements and are therefore not included as component units within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Weslaco Independent School District's non-fiduciary activities with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. The District does not allocate indirect expenses in the statement of activities. Program revenues include fees, fines, and charges paid by recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Inter-fund activities between governmental funds appear as due to/due from on the governmental fund balance sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance. All inter-fund transactions between governmental funds are eliminated on the government-wide statements.

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

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

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

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues are considered available when they are collected within the current period or within 60 days after the District's fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available.

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

The proprietary fund types and fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

- 1. General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- 2. Elementary and Secondary School Emergency Relief Fund II (ESSER II)** – This fund is used to account for federal stimulus ESSER II funds granted to LEAs through the CRRSA Act to support LEAs' ability to operate, instruct its students, address learning loss, prepare schools for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the coronavirus pandemic.
- 3. Elementary and Secondary School Emergency Relief Fund III (ESSER III)** – This fund is used to account for federal stimulus ESSER III funds granted to LEAs through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless children and youth with services in light of challenges of the coronavirus, and enable homeless children and youth to attend school and participate fully in school activities.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. FUND ACCOUNTING – Continued

Additionally, the District reports the following fund types:

Governmental Funds:

- 4. Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in special revenue funds and sometimes unused balances must be returned to the grantor at the close of specified project periods.
- 5. Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long term obligation debt of governmental funds.
- 6. Capital Projects Fund** - The proceeds from long-term debt financing, revenues and expenditures related to authorized construction, and other capital asset acquisitions are accounted for in a capital project fund.

Proprietary Funds:

- 7. Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The following internal service funds are used by the District:

Health Insurance Fund

The Health Insurance Fund is used to account for the operations of the District's employee health insurance plan, which is supported principally by employer and employee contributions. Expenses include plan benefit payments to medical providers and employees and charges incurred in administering the plan.

Workers' Compensation Fund

The Workers' Compensation Fund is used to account for the operations of the District's Workers' Compensation insurance plan, which is supported principally by employer contributions. Expenses include plan benefit payments to providers of medical services or to employees for claims, administrative costs, and stop-loss premium charges. Estimated amounts due for claims incurred but not reported at year-end are included as fund liabilities.

Unemployment Insurance Fund

The Unemployment Insurance Fund is used to account for the operations of the District's unemployment insurance plan, which is supported principally by employer contributions. Expenses include plan benefit payments for eligible employees and charges incurred in administering the plan.

Fiduciary Funds:

- 8. Custodial Funds** – The District accounts for resources held for others in a custodial capacity. The District's custodial funds are:

- ☐ Student Activity Funds

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Money market investments which are short-term, highly liquid debt instruments including commercial paper, bankers acceptances, and U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investments in entities (such as investment pools) that calculate Net Asset Value per Share and follow the requirements of GASB Statement NO. 79 are also reported at amortized cost. Nonparticipating interest-earning investment contracts, including repurchase agreements, are reported using a cost-based measure. The term nonparticipating means that the investment's value does not vary with market interest rate changes. All other investments are reported at fair value.
3. The District reports inventories of supplies at average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Health and Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Health and Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These expenditures will be recorded when consumed (consumption method) rather than when purchased.

4. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

5. It is the District's policy to permit employees to accumulate state sick leave. Local leave shall be non-cumulative. There is a liability for unpaid accumulated state sick leave. The District has a policy to pay professionals \$100 per day and paraprofessionals \$60 per day when employees retire from service with the District. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. A liability for these amounts is reported in the government-wide statements when employees become eligible to retire.
6. Capital assets, which include land improvements, buildings, furniture and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. OTHER ACCOUNTING POLICIES – Continued

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

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

Assets	Years
Buildings	40
Building Improvements	20
Buses	10
Vehicles	5
Office Equipment	5
Computer Equipment	5
Land Improvements	12

7. The District has a central receiving warehouse where all equipment and supplies are received. All assets received are tagged and labeled before they are delivered. The equipment is posted and confirmed with the purchase order. The items are labeled for delivery to make sure they reach their destination. Transfer forms are used when the assets are moved from one location to another.
8. The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.
9. The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.
10. The District complies with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment to GASB Statement No. 27*. The fiduciary net position of the Teacher Retirement System of Texas ("TRS") has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position.

Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. The District complies GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows on the next page:

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. OTHER ACCOUNTING POLICIES - Continued

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.
 - Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
 - Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.
12. The following District insurance programs are self-funded insured plans: the workmen's compensation, health, and unemployment are self-funded programs. The health insurance program met the minimum state requirement per employee. The health insurance low plan is a 70/30 plan, the health insurance high plan is an 80/20 plan, and the health insurance state plan is a 90/10 plan. The District cost per employee was \$582.
13. The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. In the fund financial statements, certain resources of the governmental funds are set aside for the repayment or use of specific programs and are recorded to four categories of designations:

Nonspendable – Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact. The District has inventories and prepaid items that are considered non-spendable. Non-spendable for inventory will not equal the District's end of the year inventory amount due to inventories of food commodities. These are recorded at fair market value as inventory and deferred revenue.

Restricted – Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed – This classification includes amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed fund balance in the Campus Activity Fund in the amount of \$389,959 for uses benefiting the

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. OTHER ACCOUNTING POLICIES – Continued

respective campuses where the funds were raised.

Assigned - This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board, the Superintendent, or Superintendent's designee.

Unassigned fund balances are amounts that are available for any purpose; these amounts can be reported only in the District's general fund. The District's unassigned fund balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned general fund fund balance may only be appropriated by resolution of the Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action of the Board of Trustees. When it is appropriate for fund balance to be assigned, the Board of Trustees has delegated authority by resolution to the Superintendent or Assistant Superintendent of Business and Finance. In circumstances where expenditures are to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted, committed, assigned, and unassigned. The purpose of the debt service fund is to account for funds used to pay the long and short term debt obligations used to fund the District's capital projects. The District's governmental fund balance designations can be identified as follows on the next page:

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. OTHER ACCOUNTING POLICIES - Continued

General fund		
Nonspendable		
Inventories	\$	1,324,486
Prepaid Items		1,303,050
Restricted		
Food Service		900,582
State Compensatory Education		3,316,821
State Dyslexia		51,886
State Bilingual Education		201,480
Rider 78 Pre-School		187,319
Early Education Allotment		1,858,599
CCMR		431,683
Assigned		
Other Assigned Fund Balance - PO Rollforward		237,381
Other Assigned Fund Balance - Technology		15,499
Total Nonspendable, Restricted, Assigned - General Fund	\$	<u>9,828,786</u>
Nonmajor Funds		
Restricted		
Capital Acquisitions	\$	5,405,526
Retirement of Debt		2,520,676
Committed		
Campus Activity Funds		389,959
Assigned		
Scholarship Fund		40,864
Total Restricted, Committed, Assigned - Nonmajor Funds	\$	<u>8,357,024</u>
Total Nonspendable, Restricted, Committed, Assigned - Governmental Funds	\$	<u>18,185,810</u>

14. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
15. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. OTHER ACCOUNTING POLICIES - Continued

16. The District complies with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the fiscal years beginning after June 15, 2017. The objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. GASB Statement No. 75 also identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB Statement No. 75 addresses the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit other postemployment benefits plan and for employers whose employees are provided with defined contribution other postemployment benefits plan and for employers whose employees are provided with defined contribution other postemployment benefits.

The District evaluated GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A Government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the Statement. The requirements of this Statement took effect for financial statements started with the fiscal year that ended August 31, 2020. This statement was implemented in the prior year.

The District complies with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Additional essential information related to debt should be disclosed in the notes to the financial statement, including unused lines of credit; assets pledged as collateral for debt, and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement took effect for financial statements started with the fiscal year that ended August 31, 2020. This statement was implemented in the prior year.

The District complies with GASB Statement No. 84, *Fiduciary Activities*. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2018. However, due to the effects of the COVID-19 pandemic, Statement No. 95 was issued which postponed the original implementation date. As a result, Statement No. 84 took effect for reporting periods beginning after December 15, 2019. The implementation of this Statement is reflected in the District's fiduciary fund financial statements. This statement was implemented in the current year.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. OTHER ACCOUNTING POLICIES – Continued

17. New Accounting Standards

Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No.14 and No.61*, is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement originally became effective for reporting periods beginning after December 15, 2018. However, due to the effects of the COVID-19 pandemic, Statement No. 95 was issued which postponed the original implementation date. As a result, Statement No. 90 took effect for reporting periods beginning after December 15, 2019. It was determined that this Statement was not applicable to the District.

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPP)*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*

Statement No. 87 improves the accounting and financial reporting for leases by governments. This Statement increases the usefulness of the 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. The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2019. However, due to the effects of the COVID-19 pandemic, Statement No. 95 was issued which postponed the original implementation date. As a result, Statement No. 87 is now effective for reporting periods beginning after June 15, 2021.

Statement No. 89 establishes accounting requirements for interest costs incurred before the end of a construction period. This Statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period which the cost is incurred for financial statements prepared using the economic resources measurement focus. This Statement originally became effective for reporting periods beginning after December 15, 2019. However, due to the effects of the COVID-19 pandemic, Statement No. 95 was issued which postponed the original implementation date. As a result, Statement No. 89 is now effective for reporting periods beginning after December 15, 2020.

Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and importing required note disclosures. The requirements of this Statement

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. OTHER ACCOUNTING POLICIES – Continued

were originally effective for reporting periods beginning after December 15, 2020. However, due to the effects of the COVID-19 pandemic, Statement No. 95 was issued which postponed the original implementation date. As a result, Statement No. 91 is now effective for reporting periods beginning after December 15, 2021.

Statement No. 93 establishes accounting requirements for effects from a change in the Interbank Offered Rates (IBOR) used to calculate variable payment agreements. This Statement establishes accounting and financial reporting requirements when these are changed in hedging derivative instruments and in lease agreements. Due to the effects of the COVID-19 pandemic, Statement No. 95 was issued which postponed the original implementation date. As a result, Statement No. 93 is now effective for reporting in fiscal 2022.

Statement No. 94 improves the accounting and financial reporting for public-private and public-public partnership arrangements (PPP). A distinction is made between PPP that meets the definition of a service arrangement and a PPP that meets the definition of a lease as defined under GASB 87. All arrangements other than those requiring the guidance of GASB No. 87 must be accounted for and reported using the guidance in GASB No. 94. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Statement No. 96 provides guidance on the accounting and financial reporting of subscription-based information technology arrangements (SBITAs). To the extent relevant, the standards for the SBITs are based on the standards established in GASB No. 87, *Leases*. The requirements of this Statement are effective for the fiscal years beginning after June 15, 2022.

The impact of these statements on the District's financial statements has not been determined yet. The District will evaluate these new pronouncements and will implement them as applicable by their effective dates.

18. Rounding Adjustments

Throughout this annual comprehensive financial report, dollar amounts are rounded, thereby creating differences between the details and the totals.

F. PENSION

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for the 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.

G. 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 additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. OTHER POST – EMPLOYMENT BENEFITS – Continued

a pay-as you-go plan and all cash is held in a cash account.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

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

The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the Year</u>	<u>Historical Cost</u>	<u>Accumulated Dereciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	\$ 6,661,889	\$ -	\$ 6,661,889	
Construction in Progress	13,256,638	-	13,256,638	
Land Improvements	15,331,115	(9,323,973)	6,007,141	
Buildings	249,353,459	(141,518,269)	107,835,190	
Furniture & Equipment	27,612,510	(18,071,483)	9,541,027	
Change in Net Position				<u>\$ 143,301,886</u>
<u>Long-term Liabilities at the Beginning of the Year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds Payable			\$ 40,775,000	
Notes Payable			26,653,000	
Loan Payable			1,203,801	
Capital Lease Payable			<u>33,125</u>	
				<u>(68,664,926)</u>
Net Adjustment to Net Position				<u><u>\$ 74,636,960</u></u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

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

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - Continued

	Amount	Adjustments to Changes in Net Position	Adjustments to Net Position
Current Year Capital Outlay			
Land	\$ (4,351)		
Buildings & Improvements	2,193,566		
Furniture & Equipment	412,198		
Construction in Progress	2,618,799		
Total Capital Outlay		\$ 5,220,212	\$ 5,220,212
Debt Principal Payments			
Bond Principal	2,165,000		
Notes Principal	1,441,000		
Loan Principal	107,565		
Capital Lease Principal	33,125		
Total Principal Payments		3,746,690	3,746,690
Total Adjustment		<u>\$ 8,966,902</u>	<u>\$ 8,966,902</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows on the next page:

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - Continued**

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
Adjustments to Revenue and Unavailable Revenue			
Taxes Collected from Prior Year Levies	\$ 994,124	\$ (994,124)	\$ -
Uncollected Taxes (assumed collectible) from Current Year Levy	852,855	852,855	852,855
Uncollected Taxes (assumed collectible) from Prior Year Levy	2,718,798	(119,611)	2,718,798
Uncollected SHARS Revenue	1,364,745	1,364,745	1,364,745
Reclassify Proceeds of Bonds, Loans & Capital Leases			
Discount (Premium) on Issuance of Bonds	8,767,558	425,578	(8,767,558)
Deferred Charge on Refunding	1,564,797	(106,294)	1,564,797
Interest Payable	165,689	79,152	(165,689)
Reclassify liabilities incurred but not liquidated this year			
Unused Vacation Pay and/or Unused Sick Leave	999,380	<u>12,020</u>	<u>(999,380)</u>
Total		<u>\$ 1,514,321</u>	<u>\$ (3,431,432)</u>

C. COMPUTATION OF NET INVESTMENT IN CAPITAL ASSETS

The following is the District's computation of net investment in capital assets:

Capital Assets	\$ 317,158,335
Less:	
Accumulated depreciation	(177,136,294)
Outstanding debt	(64,918,236)
Capital projects funds payables	(1,666,007)
Premiums on debt	(8,767,558)
Add:	
Deferred charge on refunding	1,564,797
Unspent bond proceeds	<u>862,914</u>
Net investment in capital assets	<u><u>\$ 67,097,951</u></u>

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Food Service Fund which is included in the General Fund, and Debt Service Fund. Annual budgets were adopted on a basis consistent with generally accepted accounting principles. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit J-2 and J-3.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object levels. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. Reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds are as follows:

August 31, 2021 Fund Balance	
Non-appropriated Budget Funds	<u>\$ 430,823</u>
All Special Revenue Funds	<u>\$ 430,823</u>

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. At August 31, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$190,928 and the bank balance was \$1,905,457. The District's cash deposits at August 31, 2021 and during the year ended August 31, 2021 were entirely covered by FDIC insurance and by pledged collateral held by the District's agent bank in the District's name. The following is a reconciliation of the District's total cash and investments with the Statement of Net Position:

Deposits	\$ 190,928
Cash With Paying Agent	1,365
Cash on Hand	20
Petty Cash	8,853
Investments	<u>74,170,719</u>
Total of all funds	74,371,885
Less: Statement of Fiduciary Net Position	<u>(583,349)</u>
Statement of Net Position	<u><u>\$ 73,788,537</u></u>

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

- a. Name of Bank: Texas National Bank
- b. The amount of pledged securities as of the date of the highest combined balance on deposit was \$12,400,000.
- c. The largest combined balances of cash and savings accounts amounted to \$12,402,495 and occurred during the month of February 2021.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by limiting all deposits denominated in a foreign currency to less than 5% of all deposits. At August 31, 2021, the District was not exposed to foreign currency risk.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

A. DEPOSITS AND INVESTMENTS - Continued

dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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 August 31, 2021, Weslaco Independent School District had the following investments:

	Weighted Average <u>Maturity</u>	Reported <u>Amount</u>
First Public Investment Pool	50 days average	\$ 56,648,157
Texas Range Investment Program	50 days average	11,401,463
Texpool	37 days average	6,121,100
		<u>\$ 74,170,719</u>

Additional policies and contractual provisions governing deposits and investments for Weslaco Independent School District are specified below:

Credit Risk In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1, P-1 or have equivalent rating, and obligations of states, agencies, counties, and cities must be at least A or its equivalent. As of August 31, 2021, the District's investments in First Public Investment Pool were rated AA+ by Standard & Poor's (S&P), Texas Range Investment Program was rated AA+ by Standard and Poor's (S&P) and Texpool was rated AA+ by Standard and Poor's (S&P).

Custodial Credit Risk for Investments For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the investments held by third parties were fully collateralized and held in the District's name.

Concentration of Credit Risk The investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

A. DEPOSITS AND INVESTMENTS - Continued

class of investments, specific maturity, or specific single issuer. As of August 31, 2021, the District had 77% of its investments in First Public Investment Pools rated AAAf/S1+ as noted above, 15% of its investments in Texas Range Investment Program rated AAmmf, and 8% in Texpool rated AAAm.

Interest Rate Risk In accordance with state law and District's investment policy, the District does not purchase any investments with a maturity greater than one (1) year for its operating funds.

Foreign Currency Risk for Investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. The District's property taxes are levied on \$ 1.0189 per \$ 100 property tax valuation, \$0.9989 for M & O and \$0.0200 for I & S. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On February 1st 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2021 were as follows on the next page:

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

D. DISAGGREGATION OF RECEIVABLES AND PAYABLES-Continued

	Property Taxes	Due from Other Governments	Due from Other Funds	Other	Total Receivables
<u>Governmental Funds</u>					
General Fund	\$ 3,746,073	\$ 7,029,226	\$ 8,501,289	\$ 7,470	\$ 19,284,059
ESSER II	-	3,607,000	-	-	3,607,000
ESSER III	-	3,252,251	-	-	3,252,251
Non-major Funds	126,942	2,776,751	-	12	2,903,706
Total Governmental Funds	3,873,016	16,665,228	8,501,289	7,482	29,047,015
<u>Proprietary Funds</u>					
Internal Service Fund	-	-	-	-	-
Total Proprietary Funds	-	-	-	-	-
Total	3,873,016	16,665,228	8,501,289	7,482	29,047,015
Less: Allowance for Uncollectible	(141,850)	-	-	-	(141,850)
Total Receivables, Net	\$3,731,166	\$16,665,228	\$ 8,501,289	\$ 7,482	\$ 28,905,165

Payables at August 31, 2021 were as follows:

	Accounts Payable	Accrued Wages Payable	Due to Other Funds	Due to Other Governments	Other	Total Payables
<u>Governmental Funds</u>						
General Fund	\$ 2,967,659	\$ 6,944,877	\$ -	\$ 97,066	\$ 1,393,470	\$ 11,403,072
ESSER II	-	-	3,607,000	-	-	3,607,000
ESSER III	10,214	48,479	3,193,557	-	-	3,252,251
Non-major Funds	2,051,886	467,259	1,700,732	81,987	-	4,301,864
Total Governmental Funds	5,029,758	7,460,615	8,501,289	179,053	1,393,470	22,564,186
<u>Proprietary Funds</u>						
Internal Service Fund	623,585	-	-	-	1,869,430	2,493,015
Total Proprietary Funds	623,585	-	-	-	1,869,430	2,493,015
<u>Fiduciary Funds</u>						
Custodial Funds	846	-	-	-	-	846
Total Fiduciary Funds	846	-	-	-	-	846
Total	\$ 5,654,191	\$ 7,460,615	\$ 8,501,289	\$ 179,053	\$ 3,262,900	\$ 25,058,047

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

E. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances at August 31, 2021 were:

	Due from Other Funds	Due to Other Funds
General Fund		
ESSER II	\$ 3,607,000	\$ -
ESSER III	3,193,557	-
Non-major Funds	1,700,732	-
ESSER II		
General Fund	-	3,607,000
ESSER III		
General Fund	-	3,193,557
Non-major Funds		
General Fund	-	1,700,732
	<u>-</u>	<u>1,700,732</u>
 Total	 <u>\$ 8,501,289</u>	 <u>\$ 8,501,289</u>

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided and/or reimbursement expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All amounts are scheduled to be repaid within one year.

During the year, the District had operating transfers approved by the Board of \$2,000,000 to the Interest and Sinking Fund and \$159,528 to the Construction Fund for a total of \$2,159,528 as shown on Exhibit C-3.

WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2021 was as follows:

Governmental Activities	Balance				Balance
	August 31, 2020	Increases	Decreases	Transfers	August 31, 2021
Capital Assets, Not Being Depreciated					
Land	\$ 6,661,889	\$ -	\$ -	\$ -	\$ 6,661,889
Construction in Progress	13,256,638	2,618,799	-	(9,112,881)	6,762,557
Total Capital Assets, Not Being Depreciated	19,918,528	2,618,799	-	(9,112,881)	13,424,446
Capital Assets, Being Depreciated					
Land Improvements	15,331,115	(4,351)	-	1,193,566	16,520,330
Buildings and Improvements	249,353,459	2,193,566	(5,530)	7,919,314	259,460,810
Furniture and Equipment	27,612,510	412,198	(271,958)	-	27,752,749
Total Capital Assets, Being Depreciated	292,297,083	2,601,413	(277,488)	9,112,881	303,733,889
Less Accumulated Depreciation For:					
Land Improvements	(9,323,973)	(916,793)	-	-	(10,240,766)
Buildings and Improvements	(141,518,269)	(5,458,925)	5,530	-	(146,971,664)
Furniture and Equipment	(18,071,483)	(2,124,340)	271,958	-	(19,923,865)
Total Accumulated Depreciation	(168,913,725)	(8,500,058)	277,488	-	(177,136,294)
Governmental Capital Assets	\$ 143,301,886	\$ (3,279,845)	\$ -	\$ -	\$ 140,022,041

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,518,825
Instructional Resources and Media Services	154,637
Curriculum Development and Instructional Staff Development	168,780
Instructional Leadership	64,304
School Leadership	230,905
Guidance, Counseling and Evaluation Services	163,665
Social Work Services	30,621
Health Services	117,384
Student (Pupil) Transportation	781,026
Food Services	678,822
Co-curricular/Extracurricular Activities	1,205,640
General Administration	13,369
Facilities Maintenance and Operations	956,326
Security and Monitoring Service	104,345
Data Processing Services	107,309
Community Services	204,098
	<u>\$ 8,500,058</u>

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

G. BONDS PAYABLE AND CONTRACTUAL OBLIGATIONS

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund and General Fund. A summary of changes in general long-term debt for the year ended August 31, 2021 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Balance 9/1/2020	Issued	Retired	Balance 8/31/2021
Public Property Note							
Contractual Obligations Series 2014	0.200%	\$ 12,712,000	\$ 15,346	\$ 7,673,000	\$ -	\$ 846,000	\$ 6,827,000
Unlimited Tax Refunding Bonds, Series 2015A	2.000% 5.000%	\$ 14,470,000	288,625	6,345,000	-	1,145,000	5,200,000
Unlimited Tax Refunding Bonds, Series 2015B	2.000%	\$ 17,100,000	772,050	15,910,000	-	580,000	15,330,000
Unlimited Tax Refunding Bonds, Series 2016	5.000%	\$ 19,470,000	727,400	18,520,000	-	440,000	18,080,000
Maintenance Tax Notes Series 2017	3.000% 5.000%	\$ 15,020,000	694,850	14,305,000	-	505,000	13,800,000
Maintenance Tax Notes Series 2018	2.000% 4.000%	\$ 4,905,000	182,275	4,675,000	-	90,000	4,585,000
Public Property Finance Contract 2019	5.125%	\$ 1,304,339	61,711	1,203,801	-	107,565	1,096,236
			<u>\$ 2,742,257</u>	<u>\$ 68,631,801</u>	<u>\$ -</u>	<u>\$ 3,713,565</u>	<u>\$ 64,918,236</u>

Tax levies are pledged to the payment of interest and principal of the tax notes. The District's football scoreboard is pledged as collateral for the Public Property Finance Contract 2019 loan.

In addition to the outstanding bonds and contractual obligations in the amount of \$64,918,236 at August 31, 2021, the District also reported unamortized premiums and discounts on issuance of bonds of \$8,767,558, a long term liability for sick leave benefits in the amount of \$999,380 (refer to Note J), a liability of \$58,358,280 of Net Pension Liability as per GASB 68 (refer to Note M), and a liability of Net OPEB Liability of \$55,879,152 as per GASB 75 (refer to Note N). These amounts, in aggregate, represent total long term liabilities in the amount of \$188,922,606, as reflected in the *Statement of Net Position*.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

G. BONDS PAYABLE AND CONTRACTUAL OBLIGATIONS – Continued

Debt service requirements are as follows:

Year ended June 30,	General Obligations		
	Principal	Interest	Total Requirements
2022	\$ 3,850,754	\$ 1,370,522	\$ 5,221,277
2023	3,993,742	2,542,444	6,536,186
2024	4,151,931	2,390,107	6,542,038
2025	4,325,673	2,223,962	6,549,636
2026	3,608,657	2,049,373	5,658,030
2027-2031	19,832,479	8,149,996	27,982,475
2032-2036	20,815,000	3,766,900	24,581,900
2037-2041	4,340,000	248,600	4,588,600
	<u>\$ 64,918,236</u>	<u>\$ 22,741,905</u>	<u>\$ 87,660,140</u>

Refunding

In prior years, the District defeased certain general obligation 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 trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. At August 31, 2021, the following balances are considered defeased:

Refunded 2006	
Unlimited Tax School Building 2000	\$ 5,290,000
Refunded 2015	
Unlimited Tax Refunded Bonds 2006	5,260,000
Unlimited Tax School Building 2006	15,905,000
Refunded 2016	
Unlimited Tax School Building 2008	18,355,000
	<u>\$ 44,810,000</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2021.

H. CAPITAL LEASES

The District entered into two capital lease purchase obligations in prior fiscal years. These leases qualified as capital leases for accounting purposes since the titles/assets transfer to the District at the end of the lease term. The first was for a Palo Alto Networks PA-5220 Internet Firewall. This bears interest of 0% and was recorded at the present value of the minimum lease payments. The second was for 46 AED's (Automatic External Defibrillators) and the maintenance cost for 4 years. This lease also bears interest of 0% and was recorded at the present value of the minimum lease payments. Both of these capital leases have been fully paid as of August 31, 2021.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

I. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2021 as follows:

<u>Year ended June 30,</u>	
2022	\$ 235,009
2023	191,446
2024	79,119
2025	3,812
2026	-
	<u>\$ 509,385</u>

Rental Expenditures in Fiscal Year 2021	\$ 391,252
---	------------

J. ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement or death of certain employees, the District pays any accrued sick leave in a lump cash payment to such employee or his/her estate. A summary of changes in the accumulated sick leave liability follows:

	<u>Sick Leave</u>
Balance September 1, 2020	\$ 1,011,400
Additions - New Entrants and Salary Increments	119,290
Deductions - Payments/Reductions to Participants	(131,310)
Balance August 31, 2021	<u>\$ 999,380</u>

K. CONSTRUCTION COMMITMENTS

At August 31, 2021, the District had the following remaining construction commitments:

<u>Project</u>	<u>Authorization</u>	<u>Expended</u>	<u>Remaining</u>	<u>Sources</u>
Bobby Lackey Stadium Parking Lot	\$ 781,790	\$ 350,913	\$ 430,877	Capital Projects Fund
Weslaco East Band Hall	4,305,993	4,177,600	128,392	Capital Projects Fund
Weslaco East High School Gym	923,657	851,135	72,522	2017 Tax Note Fund
Weslaco East Controls Project	411,960	366,756	45,204	2017 Tax Note Fund
Bus Drive and Teachers Parking Weslaco High	737,519	572,632	164,888	Capital Projects Fund
Rico Elementary Foundation	352,757	343,757	9,000	Capital Projects Fund
	<u>\$ 7,513,675</u>	<u>\$ 6,662,792</u>	<u>\$ 850,883</u>	

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

L. MEDICARE PART D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2021, 2020, and 2019, the subsidy payments received by TRS-Care on behalf of the District are as follows:

<u>Year ended August 31,</u>	<u>Medicare Part D</u>
2021	\$ 517,740
2020	520,621
2019	450,722

M. DEFINED BENEFIT PENSION PLAN

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

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

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/TRS%20Documents/cafr_2020.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided

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

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

M. DEFINED BENEFIT PENSION PLAN - Continued

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

Contributions

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

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

Contribution Rates

	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
2021 Employer Contributions		\$4,399,138
2021 Member Contributions		\$9,167,850
2020 NECE On-Behalf Contributions		\$6,132,189

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

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

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

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

M. DEFINED BENEFIT PENSION PLAN - Continued

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

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

Actuarial Assumptions

The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2020 TRS ACFR, Note 11, page 82 and 83.*

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 Investment Rate of Return	7.25%
Municipal Bond Rate of August 2020	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20 Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2119
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

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

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

M. DEFINED BENEFIT PENSION PLAN - Continued

Discount Rate

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

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
	%		
Global Equity			
U.S.	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Stable Value Hedge	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Res	6.00%	6.00%	0.42%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Lev	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag ³			-0.67%
Total	100%		7.33%
1) Target allocations are based on the FY2020 policy model.			
2) Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020)			
3) The volatility drag results from the conversion between arithmetic and geometric mean returns.			

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

M. DEFINED BENEFIT PENSION PLAN - Continued

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 6.250%	Discount Rate 7.250%	1% Increase in Discount Rate 8.250%
District's Proportionate Share of Net Pension Liability	\$ 89,987,423	\$ 58,358,280	\$ 32,660,294

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

At August 31, 2021, the District reported a liability of \$58,358,280 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 follows:

District's proportionate share of the collective net pension liability	\$ 58,358,280
State's proportionate share that is associated with the District	<u>79,599,099</u>
Total	<u><u>\$ 137,957,379</u></u>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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 0.1089628511% which was an increase of 0.0002636513% 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 August 31, 2021, the District recognized pension expense of \$18,748,522 and revenue of \$9,574,004 for support provided by the State.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

M. DEFINED BENEFIT PENSION PLAN - Continued

At August 31, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 106,558	\$ 1,628,625
Changes in actuarial assumptions	13,541,197	5,757,623
Net difference between projected and actual investment earnings	1,181,413	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>1,842,389</u>	<u>1,673,597</u>
Total as of August 31, 2020 measurement date	16,671,557	9,059,845
Contributions paid to TRS subsequent to the measurement date	<u>4,399,138</u>	<u>-</u>
Total as of fiscal year-end	<u><u>\$ 21,070,695</u></u>	<u><u>\$ 9,059,845</u></u>

A portion of the \$4,399,138 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022 since the District is changing its fiscal year end. The net amounts of employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended August 31,</u>	
2022	\$ 2,272,624
2023	2,649,121
2024	2,589,722
2025	750,306
2026	(642,227)
Thereafter	<u>(7,834)</u>
Total	<u><u>\$ 7,611,712</u></u>

N. 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 TRS-Care program was established in 1986 by the Texas Legislature.

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

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

N. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS-Continued

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care'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.state.tx.gov/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

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

TRS-Care Plan Premium Rates		
	Medicare Plan	TRS-Care 2 Non-Medicare Plan
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

** or surviving spouse*

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

N. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued

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%
Current fiscal year employer contributions		\$ 1,075,288
Current fiscal year member contributions		\$ 773,919
2020 measurement year NECE on-behalf contributions		\$ 1,501,307

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.

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 total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward 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 based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

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

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

N. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS – Continued

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	8/31/19, rolled forward to 8/31/20
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single 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% participation 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% to 9.05%, including inflation
Ad-hoc Post Employment Benefit Changes	None

Discount Rate

A single discount rate of 2.33 percent was used to measure the Total OPEB Liability. There was a decrease of .30 percent in the discount rate since the previous year. The Discount Rate can be found in the 2020 TRS ACFR on page 76. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 1.33%	Current Single Discount Rate 2.33%	1% Increase in Increase Rate 3.33%
District's Proportionate Share of Net OPEB Liability	\$ 67,054,855	\$ 55,879,152	\$ 47,051,951

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

N. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS – Continued

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

At August 31, 2021, the District reported a liability of \$55,879,152 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 55,879,152
State's proportionate share that is associated with the District	75,088,186
Total	<u>\$ 130,967,338</u>

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

At August 31, 2021, the employer's proportion of the collective Net OPEB Liability was 0.1469942494% which is a decrease of 0.0037073219% from its proportion measured as of August 31, 2020.

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 healthcare cost trend rate.

	<u>1% Decrease in Discount Rate</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase in Increase Rate</u>
District's Proportionate Share of the Net OPEB Liability	\$ 45,646,108	\$ 55,879,152	\$ 69,508,121

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

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This changed lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

N. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued

For the year ended August 31, 2021, the District recognized OPEB expense of \$(1,931,790) and revenue of \$(521,384) for support provided by the State.

At August 31, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 2,925,810	\$ 25,573,157
Changes in actuarial assumptions	3,446,582	15,344,704
Net differences between projected and actual investment earnings	18,159	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	188	4,496,847
Total as of August 31, 2020 measurement date	6,390,739	45,414,708
Contributions paid to TRS subsequent to the measurement date	1,075,288	-
Total as of fiscal year-end	\$ 7,466,027	\$ 45,414,708

A portion of the \$1,075,288 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022 since the District is changing its year end. 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:

<u>Year ended August 31,</u>	
2022	\$ (6,378,757)
2023	(6,381,185)
2024	(6,382,573)
2025	(6,382,193)
2026	(4,889,642)
Thereafter	(8,609,619)
Total	<u>\$ (39,023,969)</u>

WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

O. CHANGES IN LONG-TERM LIABILITIES

The District's long-term liabilities consist of bond and note indebtedness, accrued compensated absences, and net pension liability. General obligation bond expenditure requirements are accounted for in the debt service fund while notes payable are accounted for in the general fund. The general fund is used to liquidate accrued compensated absences. Other long-term liabilities are generally liquidated with resources of the general fund. Long-term activity for the year-ended August 31, 2021 was as follows:

	Balance 8/31/2020	Additions	Reductions	Balance 8/31/2021	Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds and Maintenance Tax Notes	\$ 68,631,801	\$ -	\$ 3,713,565	\$ 64,918,236	\$ 3,850,754
Unamortized Premiums/ Discounts	9,193,137	-	425,578	8,767,558	-
Total Bonds and Notes Payable	77,824,937	-	4,139,143	73,685,794	3,850,754
 Other Liabilities					
Compensated Balances	1,011,400	119,290	131,310	999,380	183,104
Capital Lease Payable	33,125	-	33,125	-	-
Net Pension Liability	56,505,242	6,348,875	4,495,837	58,358,280	-
Net OPEB Liability	71,268,618	(14,272,207)	1,117,259	55,879,152	-
Total Other Liabilities	128,818,385	(7,804,042)	5,777,531	115,236,812	183,104
 Total Governmental Activities					
Long-term Liabilities	<u>\$ 206,643,323</u>	<u>\$ (7,804,042)</u>	<u>\$ 9,916,674</u>	<u>\$ 188,922,606</u>	<u>\$ 4,033,859</u>

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

P. UNEARNED REVENUE

Unearned revenue at year end consisted of the following:

	General Fund	Non-major Funds	Total
State Funding	\$ 2,669,573	\$ -	\$ 2,669,573
Food Service Commodities	168,353	-	168,353
Athletic Receipts	38,324	-	38,324
Summer LEP	-	168,862	168,862
United Way Ambassador's Program	-	15,378	15,378
Teacher Training Reimbursement	-	48,634	48,634
GR-AP Teacher Grant	-	21,867	21,867
Special Education Fiscal Support	-	3,445	3,445
United Way Fund	-	1,741	1,741
I.M.A. Funds	-	520,349	520,349
Best Buy Cyber Grant	-	3,465	3,465
Project Lead the Way	-	14,909	14,909
Medicaid Adm. Fund	-	608,803	608,803
Barbara Bush Texas Fund	-	5,000	5,000
Blended Learners Fund	-	78,660	78,660
Total Unearned Revenue	<u>\$ 2,876,250</u>	<u>\$ 1,491,112</u>	<u>\$ 4,367,363</u>

Q. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2021 are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from other Governments except for the Gear-Up program which is received from Region One, the NSLP Equipment Assistance, Child and Adult Care, Fresh Fruits and Vegetables, and Child and Adult Care programs which pass through the Texas Department of Agriculture, and the Jobs and Education for Texans Grant which flows through the Texas Workforce Commission. The amount reported in Due from other Governments is \$16,665,228, and includes non-entitlement receivables of \$1,443,994. The receivable balance, \$15,221,234 is as follows:

Fund	State Entitlement	Federal Grants	Total
General	\$ 5,183,640	\$ 403,013	\$ 5,586,653
ESSER II	-	3,607,000	3,607,000
ESSER III	-	3,252,251	3,252,251
Non-Major Funds	233,853	2,541,476	2,775,330
	<u>\$ 5,417,493</u>	<u>\$ 9,803,740</u>	<u>\$15,221,234</u>

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

R. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Self- Insurance</u>	<u>Total</u>
Property Taxes	\$ 25,655,568	\$ 513,905	\$ 26,169,473	\$ -	\$ 26,169,473
Penalties, Int. and Other					
Tax-related Income	878,908	23,412	902,320	-	902,320
Investment Income	67,417	14,588	82,004	7,250	89,255
Food Sales	41,585	-	41,585	-	41,585
Co-curricular Student Activities	44,200	31,927	76,127	-	76,127
Other	299,018	15,607	314,625	19,677,005	19,991,630
Total	<u>\$ 26,986,696</u>	<u>\$ 599,439</u>	<u>\$ 27,586,135</u>	<u>\$ 19,684,255</u>	<u>\$ 47,270,390</u>

S. LITIGATION

The District is a defendant in a number of lawsuits arising out of the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for potential losses has been recorded.

T. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the fund level financial statements (Exhibit C-1), the District has the following Deferred Inflows of Resources:

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Property taxes, unavailable	\$ 3,460,401	\$ 111,252	\$ 3,571,653
Estimated SHARS, unavailable	1,364,745	-	1,364,745
	<u>\$ 4,825,145</u>	<u>\$ 111,252</u>	<u>\$ 4,936,397</u>

At the government-wide financial statements (Exhibit A-1), the District reports deferred charges on refunding as Deferred Outflows of Resources in the amount of \$1,564,797, a Deferred Outflows due to GASB 68 of \$21,070,695, and a Deferred Outflow for TRS OPEB of \$7,466,027 for a total of \$30,101,519 of Deferred Outflows. The District also reported \$9,059,845 of Deferred Inflows due to GASB 68 and \$45,414,708 of Deferred Inflows due to GASB 75 for a total of \$54,474,553 of Deferred Inflows.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

T. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - Continued

	Balance August 31, 2020	Additions	Reductions	Balance August 31, 2021
Deferred charge on refunding	\$ 1,671,091	\$ -	\$ 106,294	\$ 1,564,797
Deferred outflows for TRS	26,276,634	22,488,994	27,694,933	21,070,695
Deferred outflows for TRS OPEB	8,579,400	4,500	1,117,873	7,466,027
Total Deferred Outflows	<u>\$ 36,527,125</u>	<u>\$ 22,493,494</u>	<u>\$ 28,919,100</u>	<u>\$ 30,101,519</u>
Deferred inflow for TRS pension	\$ 11,343,442	\$ 10,478,144	\$ 12,761,741	\$ 9,059,845
Deferred inflow for TRS OPEB	33,624,309	11,791,539	1,140	45,414,708
Total Deferred Inflows	<u>\$ 44,967,751</u>	<u>\$ 22,269,683</u>	<u>\$ 12,762,881</u>	<u>\$ 54,474,553</u>

U. SHARED SERVICE ARRANGEMENT

The District belongs to a Shared Service Arrangement (SSA) in which McAllen ISD is the fiscal agent that provides deaf education services to member districts whose students are enrolled in the Regional Day School Program for the Deaf. Other Districts that belong to the Program for the Deaf are Donna ISD, Edcouch-Elsa ISD, Edinburg CISD, Excellence in Leadership Academy, Hidalgo ISD, IDEA Public Schools, La Joya ISD, La Villa ISD, Mercedes ISD, Mission CISD, Progreso ISD, Pharr-San Juan-Alamo ISD (PSJA), Rio Grande City ISD, Roma ISD, San Isidro ISD, Sharyland ISD, South Texas ISD, Triumph Public High Schools, Valley View ISD, and Vanguard Academy.

McAllen ISD, acting as the fiscal agent, receives monies from the granting agencies and administers the program. The fiscal agent is responsible for employment of personnel, budgeting, accounting, and reporting.

According to the SSA agreement, costs incurred by the SSA shall be divided among the Member Districts in proportion to the number of students of each member district attending the Regional Day School program.

Expenditures allocated to the SSA members as of June 30, 2021 are summarized on the next page:

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

U. SHARED SERVICE ARRANGEMENT - Continued

Member District	Fund			
	315	340	435	Total
Donna	\$ 16,100	\$ -	\$ 161,558	\$ 177,658
Edcouch-Elsa	5,520	-	55,391	60,911
Edinburg	13,340	268	133,862	147,470
Excellence in Leadership	460	-	4,616	5,076
Hidalgo	920	-	9,232	10,152
IDEA	10,580	-	106,166	116,746
La Joya	21,160	-	212,333	233,493
La Villa	460	-	4,616	5,076
McAllen	21,621	135	216,947	238,703
Mercedes	4,140	-	41,543	45,683
Mission	11,500	135	115,398	127,033
Progreso	460	-	4,616	5,076
PSJA	4,600	-	46,159	50,759
Rio Grande City	9,200	-	92,319	101,519
Roma	6,900	-	69,239	76,139
San Isidro	460	-	4,616	5,076
Sharyland	460	-	4,616	5,076
South Texas	920	-	9,232	10,152
Triumph Public High Schools	460	-	4,616	5,076
Valley View	3,220	-	32,312	35,532
Vanguard	3,220	-	32,312	35,532
Weslaco	13,340	-	133,862	147,202
Total Allocated	\$ 149,041	\$ 538	\$ 1,495,561	\$ 1,645,140

V. COMPLIANCE AND ACCOUNTABILITY

A. Expenditures Exceeding Appropriations

For the year ended August 31, 2021, the District did not have expenditures exceeding appropriations.

B. Deficit Fund Balance or Net Position of Individual Funds

The District does not have funds with deficit fund balances at year-end. The District has a negative unrestricted net position in the Governmental Activities of (\$78,645,669) at year-end. The result of this negative balance is due to the effect of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* implemented in a prior year (Refer to Note N).

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

W. RISK MANAGEMENT

A. General

During the fiscal year, the District maintained insurance for all governmental functions it may be liable for claims. The more significant of these included a property insurance policy covering District buildings and properties in an aggregate amount of approximately \$471,811,422, for all perils, except named storms.

During the fiscal year, the District made various property damage claims and received insurance recoveries totaling approximately \$28,843. None of these events resulted in an impaired asset.

There were no reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

B. Health Plan

During the year ended August 31, 2021, employees of the Weslaco Independent School District were covered by a health care insurance plan (the Plan) which is accounted for in the Internal Service Fund. The plan year runs from September 1 through August 31. The District contributed premiums of \$582 per employee per month through the plan year ending August 31, 2021. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. The Plan was authorized by Section 22.005, Texas Education Code, and was documented by contractual agreement.

The contract between the Weslaco Independent School District and the third-party administrator is renewable each September 1st, and terms of coverage and contribution costs are included in the contractual provisions. In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Blue Cross Blue Shield of Texas.

For the plan year, stop-loss coverage was in effect for individual claims exceeding \$125,000. Minimum aggregate retention was \$17,690,372 with a maximum aggregate stop loss limit of \$20,081,701. Management believes that adequate funding plans have been made for all incurred and anticipated claims at August 31, 2021.

C. Workers' Compensation

The District has a self-insured workers' compensation program which is accounted for in the Internal Service Fund. The District is self-insured for individual claims up to \$450,000. Management believes that adequate funding has been made for all incurred and anticipated claims at August 31, 2021.

D. Claims Liabilities

The claims for health insurance and workers' compensation insurance liability of \$1,869,430 reported in the Internal Service Fund at August 31, 2021, is based on the requirements of Governmental Accounting Standards Board Statement No. 10. This Statement requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

W. RISK MANAGEMENT - Continued

Changes in the Fund's claims liability amount in fiscal year 2020 and 2021 were as follows:

	2020		2021	
	Health	Workers' Compensation	Health	Workers' Compensation
Beginning of fiscal year claims	\$ 804,318	\$ 43,577	\$ 1,039,021	\$ 70,081
Current year claims and changes in estimates	13,863,578	122,189	17,741,867	371,714
Claim payments net of stop loss	(13,628,876)	(95,685)	(17,066,614)	(286,640)
End of fiscal year claims liability	<u>\$ 1,039,021</u>	<u>\$ 70,081</u>	<u>\$ 1,714,274</u>	<u>\$ 155,156</u>

X. CYBER ATTACK

On December 13, 2020, the District was cyber attacked with the Ransomware CONTI. This attack also occurred at The Federal Bureau of Investigation (FBI), The Department of Homeland Security, The Department of Commerce, the five branches of the military, NASA, and many Fortune 500 corporations. The District uses Enterprise Firewall and other protection programs district wide however, the CONTI cyberattack was able to circumvent those programs. Files from servers and computers that were not turned off and left running on the day of the attack were encrypted with an AES 256 bit encryption. By removing network access to the entire district, the District was able to stop and contain the attack. The District notified authorities such as the Weslaco Police Department, FBI, Texas Education Agency (TEA), and the Region One Education Center. The District also hired a cyber-security consultant to assist in containing the attack and install additional protective firewall software. Using backups, the District was able to mitigate the loss of information and continue operations. No amounts were paid by the District to those who instigated the attack. The District believes that any negative effects of the attack were mitigated and therefore, does not believe that this attack will affect future operations.

Y. CHANGE IN ACCOUNTING PRINCIPLES

The District had two prior period adjustments.

During fiscal year 2021, the District adopted GASB Statement No. 84, Fiduciary Activities. Prior to the implementation of GASB 84, the District's student activity funds were reported only in a statement of fiduciary assets and liabilities. After the implementation of GASB 84, the District's student activity funds are reported as custodial funds in a statement of fiduciary net position and in a statement of changes in fiduciary net position. The effect of reporting student activity funds as custodial funds is an increase to beginning net position of \$831,493 for custodial funds – student activity funds.

In the past, the District would charge the students for lost textbooks since they did not receive extra textbooks and would have to purchase the replacements. These funds were accounted for in the Textbook fund which was considered a custodial fund by the District. In recent years, the District no longer had to pay for textbooks but the practice of charging students for lost textbooks had continued. As a result, the District built up a balance of \$87,377 in lost textbooks funds over the years. In accordance with GASB 84, these funds were reclassified from a custodial fund to a special revenue fund (fund 461) and have been allocated to campuses based on enrollment. As a result, a prior period adjustment was recorded to increase the District's net position and special revenue fund balance by \$87,377.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

Z. CONTINGENCIES

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the pandemic upon the District. The full extent of the ongoing impact of COVID-19 on the District's 2021-22 fiscal year and longer-term operational and financial performance will depend on future developments, many of which are outside of the District's control, including the effectiveness of the mitigation strategies related to COVID-19, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.

AA. SUBSEQUENT EVENTS

In November 2021, TEA announced that districts may be eligible for an upward adjustment to their ADA for the first six weeks of the 2021-22 school year if they have low attendance rates. This will only apply to districts whose attendance rate during the first six weeks is less than the Target Percentage Attendance Rate calculated by TEA. TEA also notified districts that there would be no hold harmless provisions for losses of ADA due to enrollment declines. The TEA advised districts to carefully monitor expenditures and adjust their budgets in real-time throughout the year to account for permanent losses of student enrollment. Student ADA as of November 2021 is lower than budgeted student ADA of 15,200 by 1,435. The District is actively contacting all students who were not enrolled in 2021-22.

REQUIRED SUPPLEMENTARY SCHEDULES

This page is left blank intentionally

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021

	Measurement Year Ended August 31,						
	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.1089628511%	0.1086991998%	0.1130687757%	0.1115737071%	0.1150849744%	0.1209544000%	0.0789022000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 58,358,280	\$ 56,505,242	\$ 62,235,798	\$ 35,675,261	\$ 43,488,901	\$ 42,755,770	\$ 21,075,868
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	79,599,099	80,301,107	53,878,625	52,956,929	62,706,553	60,514,661	54,025,417
Total	<u>\$ 137,957,379</u>	<u>\$ 136,806,349</u>	<u>\$ 116,114,423</u>	<u>\$ 88,632,190</u>	<u>\$ 106,195,454</u>	<u>\$ 103,270,431</u>	<u>\$ 75,101,285</u>
District's Covered Payroll	\$ 122,673,262	\$ 116,433,350	\$ 116,426,339	\$ 114,553,639	\$ 110,273,732	\$ 107,243,868	\$ 104,235,177
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	47.57%	48.53%	53.46%	31.14%	39.44%	39.87%	20.22%
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."

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021

	Fiscal Year Ended August 31,						
	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 4,399,138	\$ 4,494,769	\$ 3,789,038	\$ 3,811,690	\$ 3,656,734	\$ 3,488,340	\$ 3,335,759
Contribution in Relation to the Contractually Required Contribution	<u>(4,399,138)</u>	<u>(4,494,769)</u>	<u>(3,789,038)</u>	<u>(3,809,404)</u>	<u>(3,656,734)</u>	<u>(3,488,340)</u>	<u>(3,335,759)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 119,063,022	\$ 122,673,262	\$ 116,433,350	\$ 116,426,339	\$ 114,553,639	\$ 110,273,732	\$ 107,243,868
Contributions as a percentage of Covered Payroll	3.69%	3.66%	3.25%	3.27%	3.19%	3.16%	3.11%

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."

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021

	Measurement Year Ended August 31,			
	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.1469942494%	0.1507015713%	0.1535480390%	0.1560764102%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 55,879,152	\$ 71,268,618	\$ 76,667,942	\$ 67,871,776
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	75,088,186	94,700,053	63,761,130	81,789,934
Total	<u>\$ 130,967,338</u>	<u>\$ 165,968,671</u>	<u>\$ 140,429,072</u>	<u>\$ 149,661,710</u>
District's Covered Payroll	\$ 122,674,383	\$ 116,433,422	\$ 116,426,642	\$ 114,553,639
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	45.55%	61.21%	65.85%	59.25%
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."

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021

	Fiscal Year Ended August 31,			
	2021	2020	2019	2018
Contractually Required Contribution	\$ 1,075,288	\$ 1,116,733	\$ 1,065,864	\$ 1,061,361
Contribution in Relation to the Contractually Required Contribution	(1,075,288)	(1,116,733)	(1,065,864)	(1,060,941)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ 420
District's Covered Payroll	\$ 119,064,398	\$ 122,674,383	\$ 116,433,422	\$ 116,426,642
Contributions as a percentage of Covered Payroll	0.90%	0.91%	0.92%	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."

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2021**

A. TRS Pension

Changes of Benefit Terms.

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

Changes in Assumptions

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

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

B. TRS OPEB Plan

Changes of Benefit Terms.

There were no changes in benefit terms since the prior measurement date.

Changes in Assumptions

The following assumptions, methods, and plan changes which are specific to TRS-Care were updated from the prior year's report:

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

This page is left blank intentionally

COMBINING STATEMENTS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for resources restricted for specific purposes by a grantor or for purposes committed by the Board of Trustees. Federal financial assistance often is accounted for in a Special Revenue Fund. In most Special Revenue funds, unused balances are recorded as unearned revenue and carried forward to the succeeding fiscal year, provided the amount carried forward is within the limits established by the grantor. In some cases, the unused balances are returned to the grantor at the close of specified project periods. The District budgets for Special Revenue Funds as grants are awarded by the various grantors. The District uses project accounting for them in order to maintain integrity for the various sources of funds. These funds utilize the modified accrual basis of accounting and budgeting. Included in the District's Special Revenue Funds are:

211 ESEA, Title I, Part A, Improving Basic Programs - This fund classification is to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

212 ESEA, Title I, Part C, Migrant - This fund classification is to be used to account, on a project basis, for funds granted for programs benefiting children of migrant agriculture or agriculture-related workers and children of migrant fishermen.

224 IDEA - Part B, Formula - This fund classification is to be used to account, on a project basis, for funds granted to operate educational programs for children with disabilities. This fund classification includes capacity building and improvement (sliver) subgrants.

225 IDEA - Part B, Preschool - This fund classification is to be used to account, on a project basis, for funds granted for preschool children with disabilities.

226 IDEA - Part B, Discretionary - This fund classification is to be used to account, on a project basis, for funds used to support an Education Service Center (ESC) special education component and also:

- Targeted support to LEAs
- Regional Day School Programs for the Deaf
- Private residential placements
- Priority projects
- Other emerging needs

244 Carl D. Perkins – Basic Formula Grant - This fund classification is to be used to account, on a project basis, for funds granted to provide Career and Technical education to develop new and/or improve Career and Technical education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations, at 1) a limited number of campuses (sites) or 2) a limited number of program areas.

255 ESEA, Title II, Part A, Teacher and Principal Training and Recruiting- This fund classification is to be used to provide financial assistance to LEAs to (1) Increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, and (2) hold local education agencies and schools accountable for improving student academic achievement.

263 Title III, Part A, English Language Acquisition and Language Enhancement LEP - This fund classification is to be used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

266 Elementary and Secondary School Emergency Relief Fund (ESSERF) - This fund classification is to be used to account, on a project basis, on funds used to prevent, prepare for and respond to the coronavirus.

272 Medicaid Administrative Claiming Program – MAC (Effective September 1, 2005) – This fund classification is to be used to account, on a project basis, for funds allocated to local education agencies for reimbursement of eligible administrative costs for activities attributed to the implementation of the Medicaid state plan. Expenditures attributed to the required matching amount are recorded in the General Fund and are to be accounted for with use of a local option account code, as needed, for local monitoring of compliance with federal matching requirements.

274 GEAR UP (Effective fiscal year 2008/09) - This fund classification is to be used to account, on a project basis, for funds granted to provide services and support to low-income minority school districts to ensure that students are academically prepared for higher education, graduate from high school, and have access to higher education opportunities.

289 Federally Funded Special Revenue Funds – This fund classification is to be used to account, on a project basis, for federally funded special revenue funds that have not been specified above. The following locally defined grants are to be converted to Fund 289 for PEIMS reporting:

- 289 – Summer School LEP Students in K1
- 289 – Title IV, Part A – SSAEP

397 Advanced Placement Incentives – This fund classification is to be used to account, on a project basis, for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

410 State Textbook Fund – This fund classification is to be used to account, on a project basis, for funds awarded to school districts under the textbook allotment.

429 State Funded Special Revenue Funds – State funded special revenue funds not listed above are to be accounted for in this fund. The following locally defined grants are to be converted to Fund 429 for PEIMS reporting:

- 429 – Reading to Learn Achievement Academies
- 429 – Math Achievement Academies
- 429 – Literacy Achievement Academies
- 429 – Read to Succeed
- 429 – CTE Certification Exam Reimbursements
- 429 – Texas Workforce Commission JET Grant

461 Campus Activity Funds – This fund classification is to be used to account for transactions related to a principal's activity fund if the monies generated are not subject to recall by the school district's board of trustees into the General Fund.

499 Locally Funded Special Revenue Funds – Locally funded special revenue funds not listed above are to be accounted for in this fund (effective September 1, 2001, this fund classification is also to be used for transactions that were accounted for as expendable trust funds prior to implementation of GASB Statement 34 reporting standards). The following locally defined grants are to be converted to Fund 499 for PEIMS reporting:

- 481 – Barbara Bush Texas Foundation
- 485 – Blended Learners
- 488 – T-Stem Blueprint Implementation
- 489 – Project Lead the Way
- 490 – Children's Defense Fund
- 491 – Best Buy Cyber Grant
- 499 – Other Local Special Revenue Fund-Scholarships

DEBT SERVICE FUNDS

Debt service funds are governmental funds, with budgetary control, that must be used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated. A separate bank account must be kept for this fund. Principal and interest payments for operating indebtedness including warrants, notes, and short-term lease-purchase agreements, are to be made from the fund for which the debt was incurred. This fund utilizes the modified accrual basis of accounting.

599 I & S Fund – This fund is used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated.

CAPITAL PROJECT FUNDS

Capital projects funds are governmental funds that must be used to account, on a project basis, for projects financed by the proceeds from bond issues, or for capital projects otherwise mandated to be accounted for in this fund. The capital projects funds utilize the modified accrual basis of accounting.

610 Construction Fund – This fund is used to account for construction projects not paid for by bond issues or tax notes.

617 2017 Tax Note Fund – This fund is used to account for construction projects paid for with proceeds of the 2017 WISD Tax Notes.

This page is left blank intentionally

WESLACO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA Part - B Formula	225 IDEA Part - B Pre-School
	ASSETS				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property taxes receivable (delinquent)	-	-	-	-
1230	Allowance for uncollectible taxes	-	-	-	-
1240	Due from other governments	1,161,383	109,532	425,409	6,467
1290	Other receivables	12	-	-	-
1000	Total Assets	<u>\$ 1,161,395</u>	<u>\$ 109,532</u>	<u>\$ 425,409</u>	<u>\$ 6,467</u>
	LIABILITIES				
2110	Accounts payable	\$ 45,741	\$ 34	\$ -	\$ -
2160	Accrued wages payable	228,970	1,953	148,015	2,642
2170	Due to other funds	886,684	107,545	277,394	3,825
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	<u>1,161,395</u>	<u>109,532</u>	<u>425,409</u>	<u>6,467</u>
	DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable revenue - property taxes	-	-	-	-
2602	Unavailable revenue - SHARS	-	-	-	-
2600	Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Fund Balances:				
3470	Restricted for capital acquisitions	-	-	-	-
3480	Restricted for retirement of debt	-	-	-	-
3545	Other committed fund balances	-	-	-	-
3590	Other assigned fund balance	-	-	-	-
	Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,161,395</u>	<u>\$ 109,532</u>	<u>\$ 425,409</u>	<u>\$ 6,467</u>

244 Vocational Ed. Basic Grant	255 ESEA II, A Training & Recruiting	263 English Language Acquisition	265 21st Century Community	266 ESSER I	272 Medicaid Adm. Claiming Program	274 Gear - Up	276 Instructional Continuity
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 608,803	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
35,529	154,848	55,055	58,018	11,052	-	68,432	26,365
-	-	-	-	-	-	-	-
<u>\$ 35,529</u>	<u>\$ 154,848</u>	<u>\$ 55,055</u>	<u>\$ 58,018</u>	<u>\$ 11,052</u>	<u>\$ 608,803</u>	<u>\$ 68,432</u>	<u>\$ 26,365</u>
\$ 975	\$ 5,776	\$ -	\$ -	\$ 4,258	\$ -	\$ 4,383	\$ -
2,556	57,413	23,763	-	-	-	1,947	-
31,998	91,659	31,292	58,018	6,794	-	62,103	26,365
-	-	-	-	-	-	-	-
-	-	-	-	-	608,803	-	-
<u>35,529</u>	<u>154,848</u>	<u>55,055</u>	<u>58,018</u>	<u>11,052</u>	<u>608,803</u>	<u>68,432</u>	<u>26,365</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 35,529</u>	<u>\$ 154,848</u>	<u>\$ 55,055</u>	<u>\$ 58,018</u>	<u>\$ 11,052</u>	<u>\$ 608,803</u>	<u>\$ 68,432</u>	<u>\$ 26,365</u>

WESLACO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes		289 Other Federal Grants	397 Advanced Placement Incentives	410 State Textbook Fund	429 Misc. State Spec. Revenues
	ASSETS				
1110	Cash and cash equivalents	\$ 56,472	\$ 50,865	\$ 520,349	\$ -
1220	Property taxes receivable (delinquent)	-	-	-	-
1230	Allowance for uncollectible taxes	-	-	-	-
1240	Due from other governments	429,387	-	-	227,866
1290	Other receivables	-	-	-	-
1000	Total Assets	<u>\$ 485,859</u>	<u>\$ 50,865</u>	<u>\$ 520,349</u>	<u>\$ 227,866</u>
	LIABILITIES				
2110	Accounts payable	\$ 316,997	\$ 2,231	\$ -	\$ 3,511
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	117,055
2180	Due to other governments	-	-	-	81,987
2300	Unearned revenues	168,862	48,634	520,349	25,313
2000	Total Liabilities	<u>485,859</u>	<u>50,865</u>	<u>520,349</u>	<u>227,866</u>
	DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable revenue - property taxes	-	-	-	-
2602	Unavailable revenue - SHARS	-	-	-	-
2600	Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Fund Balances:				
3470	Restricted for capital acquisitions	-	-	-	-
3480	Restricted for retirement of debt	-	-	-	-
3545	Other committed fund balances	-	-	-	-
3590	Other assigned fund balance	-	-	-	-
	Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 485,859</u>	<u>\$ 50,865</u>	<u>\$ 520,349</u>	<u>\$ 227,866</u>

461 Campus Activity Fund	481 B. Bush Texas Fund	485 Blended Learners	488 T-Stem Blueprint Implementation	489 Project Lead The Way	490 United Way Fund	491 Best Buy Cyber Grant
\$ 391,932	\$ 5,000	\$ 78,660	\$ 15,378	\$ 14,909	\$ 1,741	\$ 3,465
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 391,932</u>	<u>\$ 5,000</u>	<u>\$ 78,660</u>	<u>\$ 15,378</u>	<u>\$ 14,909</u>	<u>\$ 1,741</u>	<u>\$ 3,465</u>
\$ 1,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5,000	78,660	15,378	14,909	1,741	3,465
<u>1,973</u>	<u>5,000</u>	<u>78,660</u>	<u>15,378</u>	<u>14,909</u>	<u>1,741</u>	<u>3,465</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
389,959	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>389,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 391,932</u>	<u>\$ 5,000</u>	<u>\$ 78,660</u>	<u>\$ 15,378</u>	<u>\$ 14,909</u>	<u>\$ 1,741</u>	<u>\$ 3,465</u>

WESLACO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes		499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	599 I & S Fund	610 Construction Fund
	ASSETS				
1110	Cash and cash equivalents	\$ 40,864	\$ 1,788,437	\$ 2,510,274	\$ 5,174,424
1220	Property taxes receivable (delinquent)	-	-	126,942	-
1230	Allowance for uncollectible taxes	-	-	(12,697)	-
1240	Due from other governments	-	2,769,343	7,409	-
1290	Other receivables	-	12	-	-
1000	Total Assets	<u>\$ 40,864</u>	<u>\$ 4,557,792</u>	<u>\$ 2,631,928</u>	<u>\$ 5,174,424</u>
	LIABILITIES				
2110	Accounts payable	\$ -	\$ 385,879	\$ -	\$ 631,812
2160	Accrued wages payable	-	467,259	-	-
2170	Due to other funds	-	1,700,732	-	-
2180	Due to other governments	-	81,987	-	-
2300	Unearned revenues	-	1,491,112	-	-
2000	Total Liabilities	<u>-</u>	<u>4,126,969</u>	<u>-</u>	<u>631,812</u>
	DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable revenue - property taxes	-	-	111,252	-
2602	Unavailable revenue - SHARS	-	-	-	-
2600	Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>111,252</u>	<u>-</u>
	Fund Balances:				
3470	Restricted for capital acquisitions	-	-	-	4,542,612
3480	Restricted for retirement of debt	-	-	2,520,676	-
3545	Other committed fund balances	-	389,959	-	-
3590	Other assigned fund balance	<u>40,864</u>	<u>40,864</u>	<u>-</u>	<u>-</u>
	Total Fund Equity	<u>40,864</u>	<u>430,823</u>	<u>2,520,676</u>	<u>4,542,612</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 40,864</u>	<u>\$ 4,557,792</u>	<u>\$ 2,631,928</u>	<u>\$ 5,174,424</u>

617 2017 Tax Notes Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 1,897,109	\$ 7,071,533	\$ 11,370,243
-	-	126,942
-	-	(12,697)
-	-	2,776,751
-	-	12
<u>\$ 1,897,109</u>	<u>\$ 7,071,533</u>	<u>\$ 14,261,252</u>
\$ 1,034,195	\$ 1,666,007	\$ 2,051,886
-	-	467,259
-	-	1,700,732
-	-	81,987
-	-	1,491,112
<u>1,034,195</u>	<u>1,666,007</u>	<u>5,792,976</u>
-	-	111,252
-	-	-
<u>-</u>	<u>-</u>	<u>111,252</u>
862,914	5,405,526	5,405,526
-	-	2,520,676
-	-	389,959
-	-	40,864
<u>862,914</u>	<u>5,405,526</u>	<u>8,357,024</u>
<u>\$ 1,897,109</u>	<u>\$ 7,071,533</u>	<u>\$ 14,261,252</u>

WESLACO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA Part B Formula
	REVENUES:			
5700	Local & intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	7,680,003	1,000,461	2,733,724
5020	Total Revenues	<u>7,680,003</u>	<u>1,000,461</u>	<u>2,733,724</u>
	EXPENDITURES:			
	Current			
0011	Instruction	2,205,154	275,863	2,244,109
0012	Instruction resources & media services	949,375	-	-
0013	Curriculum & staff development	2,005,951	197,572	-
0021	Instructional leadership	395,783	163,015	136,439
0023	School leadership	96,284	-	-
0031	Guidance, counseling & evaluation services	543,432	-	320,044
0032	Social work services	-	362,465	-
0033	Health services	624,065	-	33,132
0034	Student (pupil) transportation	8,184	-	-
0036	Co-curricular/extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance & operations	-	436	-
0061	Community services	851,775	1,111	-
	Debt Service:			
0071	Debt service - principal on long term debt	-	-	-
0072	Debt service - interest on long term debt	-	-	-
0073	Debt service - bond issuance cost & fees	-	-	-
	Capital Outlay			
0081	Facilities acquisition and construction	-	-	-
6030	Total Expenditures	<u>7,680,003</u>	<u>1,000,461</u>	<u>2,733,724</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
	OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-
1300	Prior period adjustment	-	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

225 IDEA Part B Pre-School	244 Vocational Basic Grant	255 ESEA II Training & Recruiting	263 English Language Acquisition	265 21st Century Community	266 ESSER I	274 Gear - Up	276 Instructional Continuity
\$ - - 46,372 46,372	\$ - - 263,515 263,515	\$ - - 865,336 865,336	\$ - - 336,704 336,704	\$ - - 1,730,650 1,730,650	\$ - - 42,189 42,189	\$ - - 458,072 458,072	\$ - - 25,326 25,326
46,372	126,291	747,859	334,105	-	42,189	88,415	25,326
-	-	-	-	-	-	-	-
-	5,650	112,647	-	-	-	22,058	-
-	-	-	-	-	-	-	-
-	-	4,830	-	-	-	410	-
-	131,574	-	-	-	-	347,188	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	7,353	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,599	1,723,297	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
46,372	263,515	865,336	336,704	1,730,650	42,189	458,072	25,326
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WESLACO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		289 Other Federal Grants	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Rev.
	REVENUES:				
5700	Local & intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	3,406	151,079	281,039
5900	Federal program revenues	926,394	-	-	-
5020	Total Revenues	<u>926,394</u>	<u>3,406</u>	<u>151,079</u>	<u>281,039</u>
	EXPENDITURES:				
	Current				
0011	Instruction	733,499	-	151,079	245,127
0012	Instruction resources & media services	-	-	-	-
0013	Curriculum & staff development	131,520	3,406	-	21
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling & evaluation services	48,391	-	-	35,891
0032	Social work services	12,985	-	-	-
0033	Health services	-	-	-	-
0034	Student (pupil) transportation	-	-	-	-
0036	Co-curricular/extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance & operations	-	-	-	-
0061	Community services	-	-	-	-
	Debt Service:				
0071	Debt service - principal on long term debt	-	-	-	-
0072	Debt service - interest on long term debt	-	-	-	-
0073	Debt service - bond issuance cost & fees	-	-	-	-
	Capital Outlay				
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>926,394</u>	<u>3,406</u>	<u>151,079</u>	<u>281,039</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
	OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
1300	Prior period adjustment	-	-	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-2 (Cont'd)

461 Campus Activity Fund	481 B. Bush Texas Fund	485 Blended Learners	488 T-Stem Blueprint Implem.	489 Project Lead The Way	490 United Way Fund	491 Best Buy Cyber Grant
\$ 31,927	\$ -	\$ 4,340	\$ 1,390	\$ -	\$ 8,144	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>31,927</u>	<u>-</u>	<u>4,340</u>	<u>1,390</u>	<u>-</u>	<u>8,144</u>	<u>-</u>
8,852	-	-	866	-	-	-
-	-	-	-	-	-	-
-	-	4,340	-	-	-	-
-	-	-	-	-	-	-
17,250	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	524	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,133	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	8,144	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
46,235	-	4,340	1,390	-	8,144	-
(14,308)	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(14,308)	-	-	-	-	-	-
316,891	-	-	-	-	-	-
87,377	-	-	-	-	-	-
<u>\$ 389,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WESLACO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		499 Other Local Special Revenue Funds	Total Nonmajor Special Rev. Funds	599 I & S Fund
	REVENUES:			
5700	Local & intermediate sources	\$ 43	\$ 45,844	\$ 540,106
5800	State program revenues	-	435,523	643,126
5900	Federal program revenues	-	16,108,745	-
5020	Total Revenues	<u>43</u>	<u>16,590,112</u>	<u>1,183,232</u>
	EXPENDITURES:			
	Current			
0011	Instruction	-	7,275,105	-
0012	Instruction resources & media services	-	949,375	-
0013	Curriculum & staff development	-	2,483,165	-
0021	Instructional leadership	-	695,237	-
0023	School leadership	-	118,774	-
0031	Guidance, counseling & evaluation services	-	1,426,520	-
0032	Social work services	-	375,974	-
0033	Health services	-	657,197	-
0034	Student (pupil) transportation	-	15,537	-
0036	Co-curricular/extracurricular activities	-	20,133	-
0041	General administration	-	-	-
0051	Facilities maintenance & operations	-	436	-
0061	Community services	3,500	2,590,425	-
	Debt Service:			
0071	Debt service - principal on long term debt	-	-	2,165,000
0072	Debt service - interest on long term debt	-	-	1,788,075
0073	Debt service - bond issuance cost & fees	-	-	1,250
	Capital Outlay			
0081	Facilities acquisition and construction	-	-	-
6030	Total Expenditures	<u>3,500</u>	<u>16,607,878</u>	<u>3,954,325</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,457)	(17,765)	(2,771,093)
	OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-	2,000,000
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,000,000</u>
1200	Net Change in Fund Balances	(3,457)	(17,765)	(771,093)
0100	Fund Balance - September 1 (Beginning)	44,321	361,212	3,291,769
1300	Prior period adjustment	-	87,377	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 40,864</u>	<u>\$ 430,823</u>	<u>\$ 2,520,676</u>

610 Construction Fund	617 2017 Tax Notes Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 9,726	\$ 3,764	\$ 13,490	\$ 599,439
-	-	-	1,078,649
-	-	-	16,108,745
<u>9,726</u>	<u>3,764</u>	<u>13,490</u>	<u>17,786,833</u>
-	-	-	7,275,105
-	-	-	949,375
-	-	-	2,483,165
-	-	-	695,237
-	-	-	118,774
-	-	-	1,426,520
-	-	-	375,974
-	-	-	657,197
-	-	-	15,537
-	-	-	20,133
-	-	-	-
682,656	-	682,656	683,092
-	-	-	2,590,425
-	-	-	2,165,000
-	-	-	1,788,075
-	-	-	1,250
<u>3,691,412</u>	<u>1,116,602</u>	<u>4,808,015</u>	<u>4,808,015</u>
4,374,068	1,116,602	5,490,671	26,052,873
(4,364,342)	(1,112,839)	(5,477,181)	(8,266,040)
<u>159,528</u>	<u>-</u>	<u>159,528</u>	<u>2,159,528</u>
<u>159,528</u>	<u>-</u>	<u>159,528</u>	<u>2,159,528</u>
(4,204,814)	(1,112,839)	(5,317,653)	(6,106,512)
8,747,426	1,975,753	10,723,179	14,376,159
-	-	-	87,377
<u>\$ 4,542,612</u>	<u>\$ 862,914</u>	<u>\$ 5,405,526</u>	<u>\$ 8,357,024</u>

WESLACO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2021

	Self Insurance Fund	Workers' Comp Fund	Unemployment Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4,386,517	\$ 250,104	\$ 441,979	\$ 5,078,600
Prepaid items	<u>-</u>	<u>49,558</u>	<u>-</u>	<u>49,558</u>
Total Assets	<u>4,386,517</u>	<u>299,662</u>	<u>441,979</u>	<u>5,128,158</u>
LIABILITIES				
Current Liabilities:				
Account payables	623,585	-	-	623,585
Accrued expenses	<u>1,714,274</u>	<u>155,156</u>	<u>-</u>	<u>1,869,430</u>
Total Liabilities	<u>2,337,860</u>	<u>155,156</u>	<u>-</u>	<u>2,493,015</u>
NET POSITION				
Unrestricted	<u>2,048,657</u>	<u>144,506</u>	<u>441,979</u>	<u>2,635,142</u>
Total Net Position	<u>\$ 2,048,657</u>	<u>\$ 144,506</u>	<u>\$ 441,979</u>	<u>\$ 2,635,142</u>

WESLACO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2021

	Self Insurance Fund	Workers' Comp Fund	Unemployment Fund	Total Internal Service Funds
OPERATING REVENUES:				
Local and Intermediate Sources	<u>\$ 19,160,356</u>	<u>\$ 404,503</u>	<u>\$ 112,146</u>	<u>\$ 19,677,005</u>
Total Operating Revenues	<u>19,160,356</u>	<u>404,503</u>	<u>112,146</u>	<u>19,677,005</u>
OPERATING EXPENSES:				
Professional and Contracted Services	2,625,904	129,950	248,683	3,004,536
Other Operating Costs	<u>17,741,867</u>	<u>342,573</u>	<u>-</u>	<u>18,084,441</u>
Total Operating Expenses	<u>20,367,772</u>	<u>472,523</u>	<u>248,683</u>	<u>21,088,977</u>
Operating Income (Loss)	<u>(1,207,416)</u>	<u>(68,019)</u>	<u>(136,537)</u>	<u>(1,411,972)</u>
NONOPERATING REVENUES:				
Earning from Temporary Deposits and Investments	<u>6,298</u>	<u>293</u>	<u>660</u>	<u>7,250</u>
Total Nonoperating Revenues	<u>6,298</u>	<u>293</u>	<u>660</u>	<u>7,250</u>
Change in Net Position	(1,201,118)	(67,726)	(135,878)	(1,404,722)
Total Net Position-September 1, (Beginning)	<u>3,249,775</u>	<u>212,232</u>	<u>577,856</u>	<u>4,039,864</u>
Total Net Position - August 31, (Ending)	<u><u>\$ 2,048,657</u></u>	<u><u>\$ 144,506</u></u>	<u><u>\$ 441,979</u></u>	<u><u>\$ 2,635,142</u></u>

WESLACO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	Self Insurance Fund	Workers' Comp Fund	Unemployment Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 15,321,777	\$ 404,503	\$ 112,146	\$ 15,838,426
Receipts from employees	3,833,239	-	-	3,833,239
Receipts from other participants	5,339	-	-	5,339
Receipts from reimbursements and refunds	38	662	-	700
Payments for benefit claims	(17,752,196)	(258,087)	-	(18,010,283)
Payments for administration	(2,625,904)	(179,981)	(248,683)	(3,054,567)
Net cash used in operating activities	(1,217,706)	(32,902)	(136,537)	(1,387,145)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	6,298	293	660	7,250
Net cash provided by investing activities	6,298	293	660	7,250
Net increase in cash and cash equivalents	(1,211,408)	(32,609)	(135,878)	(1,379,895)
Cash and cash equivalents-beginning	5,597,925	282,713	577,856	6,458,494
Cash and cash equivalents-ending	\$ 4,386,517	\$ 250,104	\$ 441,979	\$ 5,078,600
Reconciliation of operating income/(loss) to net cash used in operating activities				
Operating loss	\$ (1,207,416)	\$ (68,019)	\$ (136,537)	\$ (1,411,972)
Adjustments to reconcile operating loss to net cash used in:				
(Increase) decrease in other receivables	38	74	-	112
(Increase) decrease in prepaid items	-	(49,558)	-	(49,558)
Increase (decrease) in account payables	(685,582)	(473)	-	(686,055)
Increase (decrease) in other current liabilities	675,254	85,074	-	760,328
Total adjustments	(10,290)	35,117	-	24,827
Net cash used in operating activities	\$ (1,217,706)	\$ (32,902)	\$ (136,537)	\$ (1,387,145)

REQUIRED TEA SCHEDULES

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2021

Last 10 Years Ended August 31,	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purpose
	Maintenance	Debt Service	
2012 & Prior	Various	Various	Various
2013	1.1397	-	1,860,366,711
2014	1.1397	-	1,891,048,258
2015	1.1397	-	2,018,278,834
2016	1.1397	-	2,058,098,631
2017	1.1397	-	2,169,706,968
2018	1.1397	0.0200	2,292,112,169
2019	1.1397	0.0200	2,302,601,674
2020	1.0487	0.0200	2,409,136,097
2021 (School year under audit)	0.9989	0.0200	2,558,311,523
1000 TOTALS			

EXHIBIT J-1

(10) Beginning Balance 9/1/2020	(20) Current Year's Levy	(31) Maintenance Total Collection	(32) Interest & Sinking Total Collection	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2021
\$ 1,157,854	\$ -	\$ 82,526	\$ 6,563	\$ (16,100)	\$ 1,052,664
124,914	-	16,197	-	(1,604)	107,114
150,977	-	21,440	-	(9,395)	120,141
164,211	-	29,135	-	(1,632)	133,445
171,602	-	32,059	-	(2,953)	136,590
237,208	-	57,263	-	(14,082)	165,862
368,630	-	128,358	2,252	3,283	241,302
683,460	-	278,377	4,885	(11,919)	388,279
1,168,609	-	534,373	10,191	(65,578)	558,466
	25,670,034	24,572,331	491,988	363,438	969,153
<u>\$ 4,227,464</u>	<u>\$ 25,670,034</u>	<u>\$ 25,752,060</u>	<u>\$ 515,881</u>	<u>\$ 243,457</u>	<u>\$ 3,873,016</u>

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-CHILD NUTRITION PROGRAM
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Data Control Codes				Actual Amount GAAP Basis	Variance With Final Budget Positive or (Negative)				
Budgeted Amount									
Original				Final					
REVENUES:									
5700	Local and intermediate sources	\$	234,520	\$	235,020	\$	45,018	\$	(190,002)
5800	State program revenues		60,000		60,000		54,216		(5,784)
5900	Federal program revenues		11,887,961		12,280,961		12,006,777		(274,184)
5020	Total Revenues		12,182,481		12,575,981		12,106,012		(469,969)
EXPENDITURES:									
0035	Food services		11,343,601		12,933,101		11,844,125		1,088,976
0051	Facilities maintenance and operations		838,880		857,880		455,605		402,275
6030	Total Expenditures		12,182,481		13,790,981		12,299,730		1,491,251
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures		-		(1,215,000)		(193,718)		1,021,282
1200	Net Change in Fund Balance		-		(1,215,000)		(193,718)		1,021,282
0100	Fund Balance - September 1 (Beginning)		1,293,258		1,293,258		1,293,258		-
3000	Fund Balance - August 31 (Ending)	\$	1,293,258	\$	78,258	\$	1,099,540	\$	1,021,282

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Data Control Codes				Actual Amount GAAP Basis	Variance With Final Budget Positive or (Negative)				
Budgeted Amount									
Original				Final					
REVENUES:									
5700	Local and intermediate sources	\$	593,828	\$	593,828	\$	540,106	\$	(53,722)
5800	State program revenues		658,199		658,199		643,126		(15,073)
5020	Total Revenues		1,252,027		1,252,027		1,183,232		(68,795)
EXPENDITURES:									
0071	Debt service - principal on long term debt		2,165,000		2,165,000		2,165,000		-
0072	Debt service - interest on long term debt		1,788,075		1,788,075		1,788,075		-
0073	Debt service - bond issuance cost & fees		5,000		5,000		1,250		3,750
6030	Total Expenditures		3,958,075		3,958,075		3,954,325		3,750
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures		(2,706,048)		(2,706,048)		(2,771,093)		(65,045)
OTHER FINANCING SOURCES (USES)									
7915	Transfer in		-		2,000,000		2,000,000		-
7080	Total Other Financing Sources (Uses)		-		2,000,000		2,000,000		-
1200	Net Change in Fund Balances		(2,706,048)		(706,048)		(771,093)		(65,045)
0100	Fund Balance - September 1 (Beginning)		3,291,769		3,291,769		3,291,769		-
3000	Fund Balance - August 31 (Ending)	\$	585,721	\$	2,585,721	\$	2,520,676	\$	(65,045)

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

Weslaco Independent School District

Fiscal Year 2021

Data	Codes	<u>Section A: Compensatory Education Programs</u>	
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.		\$23,548,754
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.		\$12,929,050
	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.		\$ 2,478,439
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)		\$ 1,161,657

STATISTICAL SECTION

This page is left blank intentionally

WESLACO INDEPENDENT SCHOOL DISTRICT

STATISTICAL SECTION OVERVIEW

(Unaudited)

This part of the District's comprehensive annual financial report presents detailed information to provide the readers of the District's financial information with a background for a better understanding of the information in the financial statements, note disclosures, and required supplementary information.

The statistical section is organized in the following sections:

Financial Trends Information – These schedules contain trend information to help the reader understand how the District's financial performance well-being have changed over time.

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

Debt Capacity Information – This section contains schedules that provide information on the District's current levels of outstanding debt, the District's ability to repay the debt, and to issue additional debt in the future.

Demographic and Economic Information – This section contains schedule that provide an understanding of the environment within which the District's financial activities take place.

Operating Information – This section contains schedules that provide information about the services the District provides and the activities it performs; such as, employees and facilities of the District.

This page is left blank intentionally

FINANCIAL TRENDS INFORMATION

WESLACO INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN YEARS

TABLE L-1

	2012	2013	2014	2015 *	2016	2017	2018 **	2019	2020	2021
Governmental Activities										
<i>Net Investment in Capital Assets</i>	\$69,662,775	\$67,109,281	\$57,955,030	\$65,082,018	\$70,172,243	\$53,852,720	\$68,417,270	\$64,654,480	\$67,359,544	\$67,097,951
<i>Restricted</i>	7,955,149	9,567,330	17,964,766	13,318,765	20,308,022	31,073,280	34,045,172	19,951,983	18,907,287	14,223,015
<i>Unrestricted</i>	36,610,978	38,892,701	40,694,713	13,712,717	11,348,644	9,316,031	(92,484,770)	(81,580,218)	(87,504,983)	(78,645,669)
<i>Total Net Position</i>	<u>\$114,228,902</u>	<u>\$115,569,312</u>	<u>\$116,614,509</u>	<u>\$92,113,501</u>	<u>\$101,828,909</u>	<u>\$94,242,030</u>	<u>\$9,977,672</u>	<u>\$3,026,245</u>	<u>\$ (1,238,152)</u>	<u>\$ 2,675,298</u>

Source: Financial Statements and Independent Auditors' Report
Statement of Net Position (Exhibit A-1)
2012-2021 Fiscal Year End 8/31
*Implementation of GASB 65
**Implementation of GASB 75

WESLACO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL ACTIVITIES EXPENSES AND PROGRAM REVENUES
LAST TEN YEARS

TABLE L-2

Expenses	2012	2013	2014	2015 *	2016	2017	2018 **	2019	2020	2021
<i>Governmental Activities:</i>										
<i>Instruction</i>	\$82,073,900	\$82,820,029	\$86,818,655	\$89,938,794	\$93,758,756	\$92,471,673	\$61,875,457	\$95,436,737	\$105,000,280	\$100,410,445
<i>Instructional Resource and Media Services</i>	3,126,658	3,147,877	3,138,683	3,219,111	3,407,707	3,270,878	2,133,005	3,392,142	3,778,530	3,596,076
<i>Curriculum and Staff Development</i>	7,168,419	5,981,991	5,771,075	5,833,373	7,866,159	6,672,451	3,444,618	6,150,592	8,242,148	7,582,845
<i>Instructional Leadership</i>	1,614,531	1,763,693	1,741,556	1,918,149	1,958,667	2,102,624	1,457,965	2,382,522	2,602,581	2,374,248
<i>School Leadership</i>	4,848,957	4,851,895	4,896,405	5,353,983	5,347,324	5,525,639	4,182,155	6,132,735	6,917,888	6,478,937
<i>Guidance, Counseling and Evaluation Services</i>	5,357,658	5,805,284	5,873,335	5,922,963	6,457,628	6,274,128	3,675,415	6,769,747	7,683,091	7,271,716
<i>Social Work Services</i>	1,951,984	1,851,636	1,590,345	1,744,838	1,893,278	2,078,113	1,123,254	1,462,253	1,422,668	1,263,214
<i>Health Services</i>	1,866,796	1,903,517	1,833,597	1,917,008	2,031,580	1,991,617	1,175,267	2,131,586	2,535,787	2,412,946
<i>Student Transportation</i>	3,445,601	3,637,229	3,877,637	4,053,767	4,372,443	4,841,325	4,463,629	5,186,794	5,114,576	4,427,142
<i>Food Services</i>	10,529,742	11,100,321	11,065,882	10,967,135	12,651,725	12,346,731	9,934,616	12,483,909	11,777,372	11,775,865
<i>Cocurricular/Extracurricular Activities</i>	6,542,716	6,975,634	7,063,184	7,850,006	8,388,595	8,491,903	6,951,528	8,646,890	8,587,794	6,557,145
<i>General Administration</i>	15,782,665	16,482,896	17,115,853	20,123,067	21,627,390	24,261,944	18,956,735	25,322,624	21,989,362	26,477,291
<i>Facilities Maintenance and Operations</i>	15,911,132	15,596,403	15,587,518	15,576,051	17,098,058	16,614,367	13,666,829	16,356,513	17,892,505	19,074,364
<i>Security and Monitoring Services</i>	1,602,277	1,604,098	2,058,835	2,100,843	2,057,040	2,235,845	1,685,302	2,538,862	3,527,828	2,387,880
<i>Data Processing Services</i>	1,860,420	2,141,748	2,016,328	2,019,983	2,163,703	2,034,553	1,639,951	2,225,427	2,368,371	2,609,708
<i>Community Services</i>	2,049,804	2,099,332	2,181,705	2,121,282	2,261,487	3,991,891	2,239,217	3,888,612	4,001,334	3,998,704
<i>Debt Service-Interest and Fees on Long Term Debt</i>	2,448,647	3,399,527	3,377,883	3,448,931	2,620,552	2,900,318	2,761,245	2,928,189	2,649,331	2,345,521
<i>Facilities Acquisition and Construction</i>	50,717	-	-	-	-	-	-	209,787	200,435	-
<i>Payments Related to Shared Services Arrangement</i>	-	-	-	-	-	-	-	-	-	-
<i>Payment to Juvenile Justice Alternative Ed. Prg</i>	184,460	189,500	242,000	220,000	239,520	248,000	129,946	80,582	85,635	100,000
<i>Other Intergovernmental Charges</i>	185,752	204,067	196,658	230,394	245,133	161,539	279,379	246,175	248,201	259,939
Total Governmental Activities Expenses	\$ 168,602,835	\$ 171,556,677	\$ 176,447,134	\$ 184,559,678	\$ 196,446,745	\$ 198,515,540	\$ 141,775,514	\$ 203,972,678	\$216,625,715	\$211,403,986
<i>Program Revenues</i>										
<i>Charges for Services:</i>										
<i>Instruction</i>	\$170,849	\$148,192	\$209,036	\$132,283	\$152,654	\$113,191	\$119,627	\$133,186	\$70,060	\$6,788
<i>Instructional Resources and Media Services</i>	-	-	3,375	-	83	470	121	-	-	-
<i>Curriculum and Staff Development</i>	-	154	288	645	269	367	182	605	-	5
<i>Instructional Leadership</i>	-	-	-	-	-	-	-	-	-	-
<i>School Leadership</i>	1,633	1,568	-	519	-	791	896	6,434	9,827	11,921
<i>Guidance, Counseling and Evaluation Services</i>	-	-	-	-	-	-	-	-	-	-
<i>Social Work Services</i>	-	-	-	-	-	-	-	-	-	-
<i>Health Services</i>	-	-	-	-	-	-	-	-	-	-
<i>Student Transportation</i>	9,239	19,455	20	52,641	20	15	4,302	21,025	54,065	12,525
<i>Food Services</i>	696,412	693,023	697,330	582,296	463,055	374,151	343,168	366,362	257,904	42,967
<i>Cocurricular/Extracurricular Activities</i>	707,984	798,852	677,440	725,639	593,179	602,391	609,479	670,225	718,532	141,670
<i>General Administration</i>	2,142,898	2,014,912	1,891,137	2,087,523	3,101,767	2,590,722	2,937,756	2,307,310	3,936,962	3,857,689
<i>Facilities Maintenance and Operations</i>	59,232	102,444	93,702	72,560	303,091	35,734	73,515	101,964	38,868	29,356
<i>Security and Monitoring Services</i>	-	-	-	-	-	-	-	-	-	-
<i>Data Processing Services</i>	-	-	-	-	-	-	-	-	-	-
<i>Community Services</i>	166,356	174,118	172,343	197,761	190,100	170,131	194,503	173,670	136,589	153,067
<i>Debt Service-Interest and Fees on Long Term Debt</i>	-	-	-	-	-	-	-	-	-	-
<i>Facilities Acquisition and Construction</i>	-	-	-	-	-	-	-	-	-	-
<i>Other Intergovernmental Charges</i>	-	-	-	-	-	-	-	-	-	-
<i>Operating Grants/Capital and Contributions</i>	41,310,808	38,414,155	36,330,426	40,834,221	42,251,555	41,621,847	11,559,296	41,652,961	53,350,814	49,462,645
Total Governmental Activities										
Program Revenues	\$ 45,265,410	\$ 42,366,872	\$ 40,075,097	\$ 44,686,089	\$ 47,055,774	\$ 45,509,811	\$ 15,842,845	\$ 45,433,741	\$ 58,573,620	\$ 53,718,633
Net Government Activities										
Revenue/(Expenses)	\$(123,337,425)	\$(129,189,804)	\$(136,372,037)	\$(139,873,589)	\$(149,390,971)	\$(153,005,729)	\$(125,932,669)	\$(158,538,937)	\$(158,052,095)	\$(157,685,353)

Source: Financial Statements and Independent Auditors' Report
Statement of Activities(Exhibit B-1)

2012-2021 Fiscal Year End 8/31

*Implementation of GASB 65

**Implementation of GASB 75

WESLACO INDEPENDENT SCHOOL DISTRICT
GENERAL REVENUE AND CHANGES IN NET POSITION
LAST TEN YEARS

TABLE L-3

	2012	2013	2014	2015 *	2016	2017	2018 **	2019	2020	2021
Net Governmental Activities										
Revenue/(Expenses)	\$(123,337,425)	\$(129,189,804)	\$(136,372,037)	\$(139,873,589)	\$(149,390,971)	\$(153,005,729)	\$(125,932,669)	\$(158,538,937)	\$(158,052,095)	\$(157,685,353)
General Revenue and Changes in Net Position:										
<i>Governmental Activities:</i>										
<i>Property Taxes-General</i>	21,150,387	21,932,794	21,618,492	23,546,542	23,882,403	24,915,531	26,329,885	26,447,893	25,165,883	26,279,167
<i>Property Taxes-Debt Services</i>	44,825	59,893	34,993	18,319	17,547	13,984	469,888	473,001	478,881	531,746
<i>Grants & Contributions Not Restricted</i>	102,902,449	109,184,686	114,534,319	115,521,053	130,154,799	119,855,162	126,931,141	122,918,825	127,012,919	134,574,757
<i>Investment Earnings</i>	110,381	96,168	70,414	78,825	222,846	564,446	1,375,217	1,895,536	1,093,132	89,255
<i>Miscellaneous</i>	41,474	21,897	20,741	86,890	17,789	69,727	21,126	20,648	36,884	36,501
<i>Extraordinary Item-Net</i>	-	-	-	-	-	-	3,088,259	(399,642)	-	-
<i>Special Item - (Use)</i>	-	-	-	-	-	-	-	-	-	-
<i>Sale of Real Property</i>	-	-	-	-	-	-	-	-	-	-
<i>Transfers In (Out)</i>	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	124,249,516	131,295,437	136,278,958	139,251,628	154,295,385	145,418,850	158,215,514	151,356,262	153,787,699	161,511,426
Changes in Net Position	\$912,091	\$2,105,633	\$(93,078)	\$(621,961)	\$4,904,414	\$(7,586,879)	\$32,282,846	\$(7,182,676)	\$(4,264,397)	\$3,826,073

Source: Financial Statements and Independent Auditors' Report
Statement of Activities(Exhibit B-1)
2012-2021 Fiscal Year End 8/31
*Implementation of GASB 65
**Implementation of GASB 75

WESLACO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS

TABLE L-4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General										
POST GASB 54										
<i>Non-spendable:</i>										
<i>Inventories</i>	\$ 904,773	\$ 939,967	\$ 938,278	\$ 903,195	\$ 847,969	\$ 960,789	\$ 848,180	\$ 992,097	\$ 1,104,190	\$ 1,324,486
<i>Prepaid Items</i>	1,671,484	1,783,576	1,760,386	1,564,045	1,584,354	1,379,451	1,350,744	1,401,976	537,627	1,303,050
<i>Restricted:</i>										
<i>Federal/State Funds Grant Restrictions</i>	3,544,964	4,381,575	4,494,889	5,695,725	7,302,864	5,093,955	5,862,080	5,177,298	6,574,402	6,948,370
<i>Other Restrictions of Fund Balance</i>	1,547,158	4,632,264	-	-	-	-	-	-	-	-
<i>Assigned:</i>										
<i>Construction</i>	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditures for Equipment</i>	-	-	-	-	-	-	-	3,169,825	1,228,530	-
<i>Other</i>	-	4,104,229	11,114,670	11,245,626	19,470,602	23,385,542	15,800,786	115,821	63,400	252,880
<i>Unassigned:</i>	23,582,400	15,500,000	16,000,000	16,500,000	17,000,000	17,500,000	18,000,000	38,089,304	39,032,046	50,357,236
Total General Fund Balance	\$ 31,250,779	\$ 31,341,611	\$ 34,308,222	\$ 35,908,591	\$ 46,205,789	\$ 48,319,737	\$ 41,861,790	\$ 48,946,321	\$ 48,540,195	\$ 60,186,022
All Other Governmental Funds										
POST GASB 54										
<i>Restricted:</i>										
<i>Federal/State Funds Grant Restrictions</i>	\$ 10,668	\$ 10,668	\$ 10,668	\$ 10,668	\$ 10,668	\$ 10,668	\$ -	\$ -	\$ -	\$ -
<i>Capital Acquisition and Contractual Obligation</i>	2,534,596	3,574,020	10,691,736	5,043,128	4,278,991	21,250,253	23,768,132	10,150,363	10,723,179	5,405,526
<i>Retirement of Long Term Debt</i>	3,985	273,431	1,499,721	1,287,408	7,427,367	3,306,023	2,993,691	4,122,147	3,291,769	2,520,676
<i>Other Restrictions of Fund Balance</i>	-	-	-	-	-	-	-	-	-	-
<i>Committed:</i>										
<i>Construction</i>	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditures for Equipment</i>	-	-	-	-	-	-	-	-	-	-
<i>Other Commitments of Fund Balance</i>	191,887	260,805	245,912	292,792	270,009	244,819	243,452	249,365	316,891	389,959
<i>Assigned:</i>										
<i>Other</i>	35,278	35,278	9,584	9,584	9,584	9,584	9,584	9,284	44,321	40,864
<i>Unassigned:</i>	-	-	-	-	-	-	-	-	-	-
<i>Total All</i>	2,776,414	4,154,202	12,457,620	6,643,581	11,996,619	24,821,347	27,014,860	14,531,159	14,376,159	8,357,024
Total Governmental Funds -Fund Balance	\$ 34,027,193	\$ 35,495,813	\$ 46,765,842	\$ 42,552,172	\$ 58,202,409	\$ 73,141,084	\$ 68,876,650	\$ 63,477,479	\$ 62,916,354	\$ 68,543,046
Governmental Funds -										
<i>Beginning Fund Balance</i>	\$ 34,680,398	\$ 34,027,193	\$ 35,495,813	\$ 46,765,842	\$ 42,552,172	\$ 58,202,409	\$ 73,141,084	\$ 68,876,650	\$ 63,477,479	\$ 62,916,354
<i>Prior Period Adjustment</i>	4,663,222	-	1,138,275	-	4,810,995	-	-	(336,213)	-	87,377
<i>Net Change in Fund Balance</i>	(5,316,427)	1,468,621	10,131,754	(4,213,670)	10,839,242	14,938,675	(4,264,434)	(5,062,958)	(561,125)	5,539,315
Ending Fund Balance	\$ 34,027,193	\$ 35,495,813	\$ 46,765,842	\$ 42,552,172	\$ 58,202,409	\$ 73,141,084	\$ 68,876,650	\$ 63,477,479	\$ 62,916,354	\$ 68,543,046

Source: Financial Statements and Independent Auditors' Report
Balance Sheet - Governmental Funds (Exhibit C-1) 2012-2021
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3)
2012-2021 Fiscal Year End 8/31
Per GASB 54 - 2011

WESLACO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND REVENUE BY SOURCE
LAST TEN YEARS

TABLE L-5

Fiscal Year	Local and Intermediate Sources			State Programs			Federal Programs	Total
	Property Tax	Investment Income	Other	Per Capita and Foundation	On Behalf TRS Payments	Other		
2012	\$ 21,377,518	\$ 100,837	\$ 2,179,126	\$ 104,671,853	\$ 5,529,121	\$ 149,301	\$ 33,817,761	\$ 167,825,518
2013	21,799,267	84,580	1,950,888	109,686,971	5,799,485	554,976	31,555,773	171,431,941
2014	21,860,201	59,178	1,874,415	115,075,604	6,027,826	1,225,436	28,523,599	174,646,259
2015	23,828,401	69,479	1,790,487	116,096,469	6,552,087	3,360,290	30,392,295	182,089,508
2016	23,878,352	206,734	1,738,866	128,561,142	5,854,875	3,655,672	31,065,845	194,961,485
2017	24,900,863	561,541	1,416,357	120,529,452	4,813,494	1,596,924	33,226,272	187,044,904
2018	26,172,229	1,341,246	2,303,180	125,377,866	7,519,851	4,394,436	31,640,576	198,749,384
2019	26,032,561	1,835,856	2,344,241	121,882,771	7,306,859	3,430,201	31,120,740	193,953,228
2020	25,000,546	1,059,301	2,017,966	126,934,947	8,432,280	2,173,740	35,508,235	201,127,015
2021	26,169,473	82,004	1,334,657	134,183,191	7,848,777	1,337,825	37,566,355	208,522,283

Source: Financial Statements and Independent Auditors' Report
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3)
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS

TABLE L-6

Fiscal Year	Instructional And Instructional Related Services	Instructional and School Leadership	Support Services Student Other	Administrative Support Services	Support Non-Student Based	Ancillary Services	Debt Service Principal	Service Interest and Other	Debt Service Other Fees	Facilities Acquisition & Construction- Capital Outlay	Inter- Governmental Charges	Total Governmental Fund Expenditures	Ratio of Debt Services to Non-Capital Expenditures
2012	\$ 94,785,719	\$ 6,734,797	\$ 30,100,121	\$ 4,630,078	\$20,693,813	\$ 1,981,619	\$ 3,367,499	\$ 4,209,311	\$ 2,518	\$ 6,907,732	\$ 370,212	\$ 173,783,418	4.60%
2013	93,837,846	6,894,608	30,726,311	4,437,268	20,307,498	2,015,672	4,208,000	3,373,197	2,556	1,788,693	393,567	167,985,217	4.58%
2014	97,149,232	6,906,652	31,023,969	4,059,382	20,567,994	2,160,887	4,379,000	3,193,816	193,729	7,173,927	438,658	177,247,245	4.58%
2015	101,502,586	7,607,364	33,756,126	4,785,079	20,799,472	2,066,825	5,595,000	2,835,623	398,973	8,961,815	450,394	188,759,258	4.97%
2016	103,403,648	7,333,985	35,547,335	4,818,619	21,667,224	2,109,182	4,947,000	2,668,955	3,455	1,155,976	484,653	184,140,033	4.20%
2017	103,876,653	7,848,224	37,345,499	5,056,378	21,649,161	3,853,593	4,654,000	2,191,565	491,418	1,162,753	409,539	188,538,783	3.98%
2018	106,669,533	9,111,967	42,080,897	5,387,771	23,865,350	3,754,897	4,443,492	3,009,612	2,825	9,202,858	409,325	207,938,527	3.89%
2019	106,858,463	8,787,835	35,857,976	5,086,076	23,396,398	3,734,906	3,636,567	2,932,269	113,969	13,713,224	326,757	204,444,440	3.54%
2020	113,652,568	9,390,234	35,224,338	5,047,190	25,097,258	3,743,556	3,657,030	2,871,403	2,150	2,705,463	333,836	201,725,025	3.31%
2021	114,697,784	9,228,453	33,062,768	5,618,825	24,823,898	3,929,140	3,746,690	2,742,257	1,700	4,808,015	359,939	203,019,468	3.27%

Source: Financial Statements and Independent Auditors' Report
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3)
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS OTHER SOURCES, USES
AND CHANGES IN FUND BALANCES
LAST TEN YEARS

TABLE L-7

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess of Revenue Over										
(Under) Expenditures	\$(5,957,901)	\$3,446,724	\$(2,600,987)	\$(6,669,750)	\$10,821,452	\$(1,493,880)	\$(9,189,142)	\$(10,491,212)	\$(598,010)	\$5,502,815
Other Financing Sources (Uses)										
Issuance of Bonds	-	-	-	-	-	-	-	4,905,000	-	-
Refunding Bonds Issued	-	-	-	31,570,000	-	19,470,000	-	-	-	-
Sale of Real and Personal Property	41,474	21,897	20,741	36,472	17,789	69,727	21,126	20,648	36,884	36,501
Proceeds from Sales of Capital Assets	-	-	-	-	-	-	-	-	-	-
Issuance of Capital Leases	-	-	-	-	-	-	1,577,168	-	-	-
Issuance of Loans	-	-	12,712,000	-	-	15,020,000	-	1,304,339	-	-
Issuance on Non-Current Debt	-	-	-	-	-	-	-	-	-	-
Transfer In	7,980,000	9,279,145	20,526,320	11,251,447	5,700,039	21,609,631	14,359,549	3,608,923	5,816,000	2,159,528
Premium on Issuance of Bonds	-	-	-	5,463,084	-	4,623,821	-	209,705	-	-
Other Resources	-	-	-	-	-	-	-	-	-	-
Transfer Out	(7,380,000)	(11,279,145)	(20,526,320)	(9,251,447)	(5,700,039)	(22,749,631)	(18,519,549)	(3,608,923)	(5,816,000)	(2,159,528)
Other Uses	-	-	-	(36,613,477)	-	(21,610,993)	-	(1,194,493)	-	-
Total Other Financing Sources (Uses)	641,474	(1,978,103)	12,732,741	2,456,079	17,789	16,432,555	(2,561,706)	5,245,198	36,884	36,501
Special Items										
Extraordinary Items (Resources)	-	-	-	-	-	-	7,486,415	183,056	-	-
Net Changes in Fund Balances	<u>\$(5,316,427)</u>	<u>\$1,468,621</u>	<u>\$10,131,754</u>	<u>\$(4,213,670)</u>	<u>\$10,839,242</u>	<u>\$14,938,675</u>	<u>\$(4,264,434)</u>	<u>\$(5,062,958)</u>	<u>\$(561,125)</u>	<u>\$5,539,315</u>

Source: Financial Statements and Independent Auditors' Report
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3)
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
PER AVERAGE DAILY ATTENDANCE
LAST TEN YEARS

TABLE L-8

		Instructional and	Instructional	Support		Support			Debt			
	Average	Instructional	and	Services	Administrative	Services		Debt	Service		Inter-	Total
Fiscal	Daily	Related	School	Student	Support	Non-Student	Ancillary	Service	Interest	Capital	Governmental	Governmental
Year	Attendance	Services	Leadership	Other	Services	Based	Services	Principal	and Other	Outlay	Charges	Fund
												Expenditures
2012	16,390	\$ 5,783	\$ 411	\$ 1,837	\$ 282	\$ 1,263	\$ 121	\$ 205	\$ 257	\$ 421	\$ 23	\$ 10,603
2013	16,409	5,719	420	1,872	270	1,238	123	256	206	109	24	10,237
2014	16,421	5,916	421	1,889	247	1,253	132	267	206	437	27	10,794
2015	16,056	6,322	474	2,102	298	1,295	129	348	201	558	28	11,757
2016	16,333	6,331	449	2,176	295	1,327	129	303	164	71	30	11,274
2017	16,096	6,453	488	2,320	314	1,345	239	289	167	72	25	11,713
2018	15,906	6,706	573	2,646	339	1,500	236	279	189	579	26	13,073
2019	15,851	6,742	554	2,262	321	1,476	236	229	192	865	21	12,898
2020	15,094	7,530	622	2,334	334	1,663	248	242	190	179	22	13,365
2021	14,986	7,654	616	2,206	375	1,656	262	250	183	321	24	13,547

Source: Financial Statements and Independent Auditors' Report
PEIMS DATA Report (PFR7D001) 2012-2021
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3)
2012-2021 Fiscal Year End 8/31

This page is left blank intentionally

REVENUE CAPACITY INFORMATION

WESLACO INDEPENDENT SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
LAST TEN YEARS

TABLE L-9

Fiscal Year	Assessed Value				Estimated Actual Taxable Value	Ratio of Total	Total Direct Tax Rate
	Personal Property			Total Taxable		Taxable Assessed Value	
	Real Property	& Mineral	Exemptions	Assessed Value		to Estimated Actual Taxable Value	
2012	\$ 2,367,783,766	\$ 258,366,051	\$ 797,270,345	\$ 1,828,879,472	\$ 2,626,149,817	69.64%	1.1397
2013	2,411,429,436	262,506,917	813,599,642	1,860,336,711	2,673,936,353	69.57%	1.1397
2014	2,422,290,310	282,384,716	813,626,768	1,891,048,258	2,704,675,026	69.92%	1.1397
2015	2,588,036,036	285,634,774	855,391,976	2,018,278,834	2,873,670,810	70.23%	1.1397
2016	2,732,705,107	303,776,931	978,383,407	2,058,098,631	3,036,482,038	67.78%	1.1397
2017	2,835,567,160	312,988,562	978,848,754	2,169,706,968	3,148,555,722	68.91%	1.1397
2018	3,007,673,308	319,921,470	1,035,482,609	2,292,112,169	3,327,594,778	68.88%	1.1597
2019	3,057,178,970	302,968,791	1,057,546,087	2,302,601,674	3,360,147,761	68.53%	1.1597
2020	3,155,166,207	321,881,136	1,067,911,246	2,409,136,097	3,477,047,343	69.29%	1.0687
2021	3,391,379,928	307,500,112	1,140,568,517	2,558,311,523	3,698,880,040	69.16%	1.0189

Source: Financial Statements and Independent Auditors' Report
Schedule of Delinquent Taxes Receivable (Exhibit J-1)
Assessment Roll Grand Totals from Hidalgo County Appraisal District (Supplement I)
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

TABLE L-10

Fiscal Year	Total Original Tax Levy	Total Adjusted Tax Levy	Collected within the		Collection		
			Fiscal year of Levy		Subsequent Years	Total Collections to Date	
			Amount	% of Original Levy		Amount	% of Adjusted Levy
2012	\$ 20,472,469	\$ 20,322,346	\$ 19,065,966	93.13%	\$ 1,146,949	\$ 20,212,915	99.46%
2013	20,814,899	20,670,585	19,485,245	93.61%	1,078,226	20,563,471	99.48%
2014	21,200,328	20,994,420	19,766,065	93.23%	1,108,215	20,874,279	99.43%
2015	22,612,366	22,710,191	21,526,880	95.20%	1,049,865	22,576,746	99.41%
2016	23,079,685	22,992,622	21,886,165	94.83%	969,868	22,856,032	99.41%
2017	24,363,529	24,020,598	22,896,620	93.98%	958,116	23,854,736	99.31%
2018	26,145,817	26,034,339	24,951,740	95.43%	841,298	25,793,037	99.07%
2019	26,276,635	26,078,270	24,981,509	95.07%	708,483	25,689,992	98.51%
2020	25,421,226	25,140,978	24,037,947	94.56%	544,565	24,582,512	97.78%
2021	25,670,034	26,033,472	25,064,319	97.64%	N/A	25,064,319	96.28%

Source: Financial Statements and Independent Auditors' Report
Schedule of Delinquent Taxes Receivable (Exhibit J-1)
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
ALLOCATION OF PROPERTY TAX RATES AND LEVIES
LAST TEN YEARS

TABLE L-11

Fiscal Year	Tax Rates (Per \$100 of Assessed Value)			Tax Levies		
	Debt			Debt		Original
	General	Service	Total	General	Service	Levy
	Fund	Fund		Fund	Fund	Total
2012	\$ 1.1397	\$ 0.0000	\$ 1.1397	\$ 20,472,469	\$ -	\$ 20,472,469
2013	1.1397	0.0000	1.1397	20,814,899	-	20,814,899
2014	1.1397	0.0000	1.1397	21,200,328	-	21,200,328
2015	1.1397	0.0000	1.1397	22,612,366	-	22,612,366
2016	1.1397	0.0000	1.1397	23,079,685	-	23,079,685
2017	1.1397	0.0000	1.1397	24,363,529	-	24,363,529
2018	1.1397	0.0200	1.1597	25,694,911	450,907	26,145,817
2019	1.1397	0.0200	1.1597	25,823,473	453,163	26,276,635
2020	1.0487	0.0200	1.0687	24,945,485	475,741	25,421,226
2021	0.9989	0.0200	1.0189	25,166,157	503,877	25,670,034

Source: Financial Statements and Independent Auditors' Report
Schedule of Delinquent Taxes Receivable (Exhibit J-1)
Detail General Ledger Reports
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 ASSESSED VALUATION)
LAST TEN YEARS

TABLE L-12

Fiscal	Tax	Hidalgo	South	Drainage	Weslaco		City of	Total Direct	Original
Year	Year	County	Texas ISD	District No.1	ISD	STC	Weslaco	and	Levy
								Overlapping	Total
2012	2011	\$ 0.5900	\$ 0.0492	\$ 0.0725	\$ 1.1397	\$ 0.1497	\$ 0.6967	\$ 2.6978	\$ 20,472,469
2013	2012	0.5900	0.0492	0.0733	1.1397	0.1507	0.6967	2.6996	20,814,899
2014	2013	0.5900	0.0492	0.0957	1.1397	0.1500	0.6867	2.7113	21,200,328
2015	2014	0.5900	0.0492	0.0957	1.1397	0.1850	0.6767	2.7363	22,612,366
2016	2015	0.5900	0.0492	0.0951	1.1397	0.1850	0.6767	2.7357	23,079,685
2017	2016	0.5800	0.0492	0.0951	1.1397	0.1850	0.6667	2.7157	24,363,529
2018	2017	0.5800	0.0492	0.0951	1.1597	0.1780	0.6667	2.7287	26,145,817
2019	2018	0.5800	0.0492	0.0951	1.1597	0.1780	0.6667	2.7287	26,276,635
2020	2019	0.5750	0.0492	0.1051	1.0687	0.1733	0.6967	2.6680	25,421,226
2021	2020	0.5750	0.0492	1.0260	1.0189	0.0492	0.6967	3.4150	25,670,034

Source: Financial Statements and Independent Auditors' Report
Schedule of Delinquent Taxes Receivable (Exhibit J-1)
Hidalgo County Tax Assessor-Collector Tax Rate Schedule (website)
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
2021 AND 2012

TABLE L-13

		Fiscal Year 2021				Fiscal Year 2012	
		Tax Year 2020 Assessed Valuation	Percentage Total Assessed Valuation			Tax Year 2011 Assessed Valuation	Percentage Total Assessed Valuation
1	H.E.Butt Grocery Company	\$40,769,270	1.59%	1	H.E.Butt Grocery Company	\$38,464,214	2.10%
2	AEP Texas Central Co.	25,223,980	0.99%	2	Pioneer Hi-Bred Int'l, Inc.	23,081,739	1.26%
3	HEB Weslaco Transportation	21,405,246	0.84%	3	HEB Weslaco Transportation	17,650,492	0.97%
4	Wal-Mart Real Estate Business TR	16,413,816	0.64%	4	AEP Texas Central Co.	12,484,600	0.68%
5	G3C Weslaco Westgate LLC	15,173,098	0.59%	5	Clearview Weslaco LLP	11,394,996	0.62%
6	Capcor Weslaco LTD	14,959,087	0.58%	6	Woodcrafters Home Products LLC	10,967,529	0.60%
7	Woodcrafters Home Products LLC	12,989,372	0.51%	7	Woodcrafters Home Products LLC	10,052,882	0.55%
8	Llano Grande Holdings Company LLC	10,916,748	0.43%	8	SDI Weslaco Holdings LLC	9,756,241	0.53%
9	Weslaco Micro-Hospital LLC	9,400,000	0.37%	9	John Knox Village	8,981,104	0.49%
10	Jazman RGV Group LLC	8,530,254	0.33%	10	Wal-Mart Real Estate Business TR	8,811,818	0.48%
		\$175,780,871	6.87%			\$151,645,615	8.29%

Source: Hidalgo Appraisal District
Top Taxpayer 2021 & 2012
Weslaco Approval Tax Roll

DEBT CAPACITY INFORMATION

WESLACO INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

TABLE L-14

	General Bonded Debt			Other Governmental Activities Debt						Ratio of Total	Total Debt	
	General								**Total Debt	Debt to Estimated	to Average	
Fiscal	Obligation	Premium on	Accretion	Maintenance	Premium/(Discount)	Loans	Capital Lease	Total	to Personal	***Total Debt	Actual	Daily
Year	Bonds	Bonds	of Bonds	Tax Notes	on Tax Notes	Payable	Payable	Debt	Income	to Per Capita	Taxable Value	Membership
2012	\$ 68,385,000	\$ 533,521	\$ -	\$ 6,481,000	\$ (9,108)	\$ -	\$ -	\$ 75,390,413	13.21%	2,046	2.87%	4,431
2013	65,205,000	494,480	-	18,165,000	(4,882)	-	-	83,859,598	14.47%	2,261	3.14%	4,859
2014	61,890,000	317,639	-	17,101,000	107	-	-	79,308,746	13.46%	2,109	2.93%	4,629
2015	54,140,000	4,979,384	-	15,156,000	3,391	-	-	74,278,775	12.12%	1,882	2.58%	4,408
2016	51,110,000	4,887,934	-	13,239,000	(3,028)	-	-	69,233,906	10.07%	1,729	2.28%	4,063
2017	47,515,000	7,622,679	-	26,295,000	2,215,439	-	-	83,648,118	12.04%	2,073	2.66%	5,001
2018	44,815,000	7,363,577	-	24,614,000	2,219,699	-	1,514,676	80,526,952	11.58%	2,019	2.42%	4,855
2019	42,840,000	7,114,685	-	28,082,000	2,422,484	1,304,339	95,617	81,859,125	11.14%	1,988	2.44%	5,019
2020	40,775,000	6,805,326	-	26,653,000	2,387,811	1,203,801	33,125	77,858,062	10.91%	1,852	2.24%	4,961
2021	38,610,000	6,424,531	-	25,212,000	2,343,027	1,096,236	-	73,685,794	9.69%	1,739	1.99%	4,632

Source: Financial Statements and Independent Auditors' Report
Notes to Financial Statements Long-Term Debt Obligations 2012-2021
Academic Excellence Indicator System (AEIS Report)
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT
GOVERNMENTAL ACTIVITIES DEBT

TABLE L-15

Political Subdivision	*Gross Debt Amounts		As of	**Percentage Applicable to WISD	***Estimated Share of Direct and Overlapping Debt
DIRECT DEBT					
<i>Weslaco ISD</i>	\$73,685,794	*	8/31/2020	100.00%	\$73,685,794
					<u>\$73,685,794</u>
OVERLAPPING DEBT					
<i>City Of Weslaco</i>	\$92,956,000	*	8/31/2020	100.00%	\$92,444,742
<i>Hidalgo County</i>	366,620,000	*	8/31/2020	7.29%	27,239,866
<i>City Of Mercedes</i>	23,470,000	*	8/31/2020	17.46%	3,959,389
<i>Hidalgo Co Drainage District #1</i>	206,594,000	*	8/31/2020	7.61%	15,969,716
<i>South Texas College</i>	128,814,693	*	8/31/2020	6.85%	8,965,503
<i>Total Net Overlapping Debt</i>					<u>148,579,216</u>
<i>Total Direct and Overlapping Debt:</i>					<u><u>\$222,265,010</u></u>
Percent of Assessed Valuation:					8.32%
Direct Overlapping Debt per Capita:					\$2,902

* Gross Debt. Please note that some debt may be supported by other revenues and thus be considered self supporting debt.
Using gross debt may overstate the actual amount of debt supported by ad valorem taxes.

** Overlapping percentage is calculated as follows:
Shared market value between entities from the Appraisal
District divided by the total market value of each entity.

*** The overlapping debt is calculated as follows:
The gross debt multiplied by the overlapping percentage = overlapping debt

Source: Municipal Advisory Council of Texas

WESLACO INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS

TABLE L-16

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Valuation	<u>\$ 1,828,879,472</u>	<u>\$ 1,860,336,711</u>	<u>\$ 1,891,048,258</u>	<u>\$ 2,018,278,834</u>	<u>\$ 2,058,098,631</u>	<u>\$ 2,169,706,968</u>	<u>\$ 2,292,112,169</u>	<u>\$ 2,302,601,674</u>	<u>\$2,409,136,097</u>	<u>\$2,558,311,523</u>
Debt Limit-10% of										
Assessed Valuation	\$182,887,947	\$186,033,671	\$189,104,826	\$201,827,883	\$205,809,863	\$216,970,697	\$229,211,217	\$230,260,167	\$240,913,610	\$ 255,831,152
General Obligation Bonds	68,385,000	65,205,000	61,890,000	54,140,000	51,110,000	47,515,000	44,815,000	42,840,000	40,775,000	38,610,000
Deduct Amount Available in										
Debt Services Fund	<u>(3,985)</u>	<u>(273,431)</u>	<u>(1,499,721)</u>	<u>(1,287,408)</u>	<u>(7,427,367)</u>	<u>(3,306,023)</u>	<u>(2,996,826)</u>	<u>(4,122,147)</u>	<u>(3,291,769)</u>	<u>(2,520,676)</u>
Net General Bonded Debt	68,381,015	64,931,569	60,390,279	52,852,592	43,682,633	44,208,977	41,818,174	38,717,853	37,483,231	36,089,324
Maintenance Tax Note	6,481,000	18,165,000	17,101,000	15,156,000	13,239,000	26,295,000	24,614,000	28,082,000	26,653,000	25,212,000
Loans Payable	-	-	-	-	-	-	-	1,304,339	1,203,801	1,096,236
Capital Leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,514,676</u>	<u>95,617</u>	<u>33,125</u>	<u>-</u>
Less : Applicable Debt Margin	<u>74,862,015</u>	<u>83,096,569</u>	<u>77,491,279</u>	<u>68,008,592</u>	<u>56,921,633</u>	<u>70,503,977</u>	<u>67,946,851</u>	<u>68,199,809</u>	<u>65,373,157</u>	<u>62,397,560</u>
Legal Debt Margin	<u><u>\$108,025,933</u></u>	<u><u>\$102,937,102</u></u>	<u><u>\$111,613,546</u></u>	<u><u>\$133,819,291</u></u>	<u><u>\$148,888,230</u></u>	<u><u>\$146,466,720</u></u>	<u><u>\$161,264,366</u></u>	<u><u>\$162,060,358</u></u>	<u><u>\$175,540,453</u></u>	<u><u>\$193,433,592</u></u>
Debt Margin as a Percentage of the Debt Limit	59.07%	55.33%	59.02%	66.30%	72.34%	67.51%	70.36%	70.38%	72.86%	75.61%

Source: Financial Statements and Independent Auditors' Report
Notes to Financial Statements Computation of ECISD's Legal Debt Margin
Notes to Financial Statements Long-Term Debt Obligations 2012-2021
Tax Roll Report Hidalgo County Tax Assessor
Budgetary Comparison Schedule Exhibit J-4
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ESTIMATED ACTUAL TAXABLE VALUE AND
PER AVERAGE DAILY MEMBERSHIP
LAST TEN YEARS

TABLE L-17

<u>Fiscal Year</u>	<u>Average Daily Membership</u>	<u>Estimated Actual Taxable Value</u>	<u>General Obligation Bonds</u>	<u>Premium on Bonds</u>	<u>Accretion of Bonds</u>	<u>Less: Amount Available In Debt Service</u>	<u>Net Bonded Debt</u>	<u>Net Bonded Debt to Estimated Actual Taxable Value</u>	<u>General Obligation Bonds Per Average Daily Membership</u>
2011	17,036	\$ 2,593,832,704	\$ 70,763,499	\$ 1,079,737	\$ 1,313,684	\$ 3,645,675	\$ 69,511,245	2.68%	4,154
2012	17,016	2,626,149,817	68,385,000	533,521	-	3,985	68,914,536	2.62%	4,019
2013	17,258	2,673,936,353	65,205,000	494,480	-	273,431	65,426,049	2.45%	3,778
2014	17,133	2,704,675,026	61,890,000	317,639	-	1,499,721	60,707,918	2.24%	3,612
2015	16,849	2,873,670,810	54,140,000	4,979,384	-	1,287,408	57,831,977	2.01%	3,213
2016	17,041	3,036,482,038	51,110,000	4,887,934	-	7,427,367	48,570,567	1.60%	2,999
2017	16,727	3,148,555,722	47,515,000	7,622,679	-	3,306,023	51,831,656	1.65%	2,841
2018	16,585	3,327,594,778	44,815,000	7,363,577	-	2,996,826	49,181,751	1.48%	2,702
2019	16,311	3,360,147,761	42,840,000	7,114,685	-	4,122,147	45,832,538	1.36%	2,626
2020	15,693	3,477,047,343	40,775,000	6,805,326	-	3,291,769	44,288,557	1.27%	2,598
2021	15,909	3,698,880,040	38,610,000	6,424,531	-	2,520,676	42,513,855	1.15%	2,427

Source: Financial Statements and Independent Auditors' Report
Notes to Financial Statements Long-Term Debt Obligations 2012-2021
Assessment Roll Grand Totals Hidalgo County Tax Assessor-Collector
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN YEARS

TABLE L-18

Fiscal Year	Principal	Interest*	Annual Debt Service	Total General Fund Expenditures	Ratio of Annual Debt Service to Total General Fund Expenditures
2012	\$ 2,378,499	\$ 3,919,441	\$ 6,297,940	\$ 136,370,338	4.62%
2013	3,180,000	3,121,396	6,301,396	139,896,249	4.50%
2014	3,315,000	2,981,603	6,296,603	146,570,954	4.30%
2015	3,650,000	2,641,997	6,291,997	154,063,148	4.08%
2016	3,030,000	2,521,713	5,551,713	158,759,955	3.50%
2017	2,690,000	2,094,150	4,784,150	159,717,528	3.00%
2018	2,700,000	2,086,500	4,786,500	171,381,789	2.79%
2019	1,975,000	1,977,425	3,952,425	167,792,464	2.36%
2020	2,065,000	1,886,025	3,951,025	169,638,517	2.33%
2021	2,165,000	1,788,075	3,953,075	169,720,400	2.33%

Source: Financial Statements and Independent Auditors' Report
 Budgetary Comparison Schedule Exhibit J-3, J-4
 Budgetary Comparison Schedule Exhibit C-5
 2012-2021 Fiscal Year End 8/31

DEMOGRAPHIC AND ECONOMIC INFORMATION

WESLACO INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CALENDAR YEAR 2021 AND 2011

TABLE L-19

Employer	2021			*2011		
	Employees	Rank	Percentage	Employees	Rank	Percentage
<i>Weslaco Independent School District</i>	2,227	1	42.50%	2,817	1	44.29%
<i>Knapp Medical Center</i>	715	2	13.64%	1,000	2	15.73%
<i>Woodcrafters</i>	480	3	9.16%	407	4	6.40%
<i>HEB (3 locations)</i>	450	4	8.59%	592	3	9.31%
<i>City of Weslaco</i>	315	5	6.01%	351	6	5.52%
<i>Wal-Mart</i>	260	6	4.96%	260	7	4.09%
<i>Payne Auto Group</i>	250	7	4.77%	389	5	6.12%
<i>South Texas College</i>	214	8	4.08%	214	8	3.37%
<i>Valley Grande Manor</i>	180	9	3.43%	161	10	2.53%
<i>Tx A&M University</i>	150	10	2.86%	-	-	-
<i>Foremost Paving</i>	-	-	-	168	9	2.64%
<i>Total Top Ten</i>	5,241		100.00%	6,359		100.00%

Source: Weslaco Economic Development Corporation
WorkForce Solutions

* 2012 data not available

WESLACO INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

TABLE L-20

Fiscal Year	Estimated Population	*Personal Income	*Per Capita Personal Income	Unemployment Rate	Average Daily Attendance	Percentage Economically Disadvantage Students
2012	36,846	\$ 570,744,540	\$ 15,490	11.40%	16,390	86.0%
2013	37,093	579,466,846	15,622	10.20%	16,409	85.7%
2014	37,601	589,433,276	15,676	8.20%	16,421	85.6%
2015	39,474	612,754,902	15,523	10.00%	16,056	74.0%
2016	40,033	687,726,907	17,179	9.70%	16,333	80.1%
2017	40,358	694,803,328	17,216	8.00%	16,096	81.7%
2018	39,881	695,325,235	17,435	7.90%	15,906	82.4%
2019	41,171	734,655,324	17,844	8.10%	15,851	85.6%
2020	42,038	713,595,050	16,975	12.40%	15,094	84.1%
2021	42,380	760,721,000	17,950	11.50%	14,986	84.7%

Source: U.S. Census Bureau 2012-2021
Economagic.com
PEIMS DATA +
PEIMS Edit + Report (PRF7D001)
Texas Academic Performance Report (TAPR formerly AEIS)
2012-2021 Fiscal Year End 8/31
* MSA statistics
Department of Number website
City of Weslaco
Weslaco Chamber of Commerce
Texas Hometown Locator Website

This page is left blank intentionally

OPERATING INFORMATION

WESLACO INDEPENDENT SCHOOL DISTRICT
WORKFORCE COMPOSITION BY EMPLOYEE CLASSIFICATION
LAST TEN YEARS

TABLE L-21

Classification	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<i>Number of Employees</i>										
<i>Teachers</i>	1,054	1,082	1,093	1,084	1,084	1,094	1,105	1,101	1,084	1,043
<i>Professional Support</i>	199	208	210	222	228	241	238	226	247	236
<i>Campus Administration</i>	27	24	20	20	17	20	21	25	27	26
<i>Central Administration</i>	22	21	19	19	18	19	21	23	24	24
<i>Educational Aides</i>	239	179	196	196	176	204	205	203	189	199
<i>Auxiliary Staff</i>	<u>760</u>	<u>811</u>	<u>756</u>	<u>790</u>	<u>755</u>	<u>745</u>	<u>769</u>	<u>757</u>	<u>724</u>	<u>700</u>
<i>Total Employees</i>	<u>2,301</u>	<u>2,324</u>	<u>2,294</u>	<u>2,330</u>	<u>2,278</u>	<u>2,324</u>	<u>2,358</u>	<u>2,334</u>	<u>2,295</u>	<u>2,227</u>
<i>Percent of Total</i>										
<i>Teachers</i>	45.80%	46.54%	47.65%	46.53%	46.54%	47.09%	46.84%	47.16%	47.22%	46.83%
<i>Professional Support</i>	8.67%	8.94%	9.14%	9.53%	8.74%	10.39%	10.08%	9.67%	10.76%	10.60%
<i>Campus Administration</i>	1.17%	1.03%	0.86%	0.84%	1.80%	0.86%	0.89%	1.07%	1.16%	1.15%
<i>Central Administration</i>	0.95%	0.90%	0.83%	0.80%	0.30%	0.82%	0.89%	0.99%	1.04%	1.08%
<i>Educational Aides</i>	10.37%	7.70%	8.55%	8.41%	10.00%	8.78%	8.70%	8.70%	8.25%	8.93%
<i>Auxiliary Staff</i>	<u>33.05%</u>	<u>34.89%</u>	<u>32.96%</u>	<u>33.90%</u>	<u>32.62%</u>	<u>32.06%</u>	<u>32.60%</u>	<u>32.43%</u>	<u>31.56%</u>	<u>31.41%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: Texas Academic Performance Report (TAPR formerly AEIS)
PEIMS Edit + Reports (PDM1-110-004)
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF TEACHER INFORMATION
LAST TEN YEARS

TABLE L-22

Fiscal Year	Bachelor's Degree		Master's Degree		Doctorate Degree		Average Teacher's	Average	Bachelor's Education	Master's Education
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Salary	Years of Experience		
2012	\$ 24,713	\$ 68,122	\$ 45,700	\$ 76,547	\$ 54,000	\$ 64,620	\$ 52,889	12.9	80.8%	18.1%
2013	25,682	68,893	46,100	79,852	55,000	65,620	53,345	13.2	82.0%	18.2%
2014	26,601	70,493	48,300	87,604	56,600	67,220	54,651	13.2	81.2%	18.3%
2015	50,300	50,300	50,300	50,300	50,300	50,300	50,300	12.8	76.3%	19.8%
2016	50,300	50,300	50,300	50,300	50,300	50,300	50,300	13.0	76.1%	18.5%
2017	50,300	50,300	50,300	50,300	50,300	50,300	50,300	13.3	76.5%	20.8%
2018	47,700	75,273	48,400	84,143	60,200	72,020	57,221	13.6	77.3%	20.3%
2019	48,100	76,103	48,100	85,080	60,950	72,770	57,770	13.0	77.0%	23.0%
2020	51,250	72,750	52,250	73,750	61,050	76,770	60,427	15.0	81.0%	18.0%
2021	51,150	79,860	51,800	88,068	61,050	76,770	60,624	16.7	80.0%	20.0%

Source: District's Human Resource Department
Texas Academic Performance Report (TAPR Report formerly AEIS)
PEIMS Edit + Reports Data Review PRF4D004
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF ATTENDANCE AND MEMBERSHIP
LAST TEN YEARS

TABLE L-23

<u>Fiscal Year</u>	<u>Average Daily Attendance</u>	<u>Average Daily Membership</u>	<u>Percent of Attendance</u>
2012	16,390	17,016	96.32%
2013	16,409	17,258	95.08%
2014	16,421	17,133	95.84%
2015	16,056	16,849	95.29%
2016	16,333	17,041	95.85%
2017	16,096	16,727	96.23%
2018	15,906	16,585	95.91%
2019	15,851	16,311	97.18%
2020	15,094	15,693	96.18%
2021	14,986	15,909	94.20%

Source: Texas Academic Performance Report (TAPR formerly AEIS)
PEIMS Edit + Reports Data Review (PRF7D001)
TEA Budgeted Financial Data
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS TABLE
LAST TEN YEARS

TABLE L-24

<u>Fiscal</u> <u>Year</u>	<u>Average</u> <u>Daily</u> <u>Attendance</u>	<u>General Fund</u> <u>Operating</u> <u>Expenditures*</u>	<u>Cost</u> <u>Per</u> <u>Pupil</u>	<u>Per</u> <u>Pupil</u> <u>Change</u>	<u>Governmental</u> <u>Operating</u> <u>Expenditures*</u>	<u>Cost</u> <u>Per</u> <u>Pupil</u>	<u>Per</u> <u>Pupil</u> <u>Change</u>
2012	16,390 \$	135,089,800 \$	8,242	6.39%	159,296,358 \$	9,719	-1.38%
2013	16,409	138,614,743	8,447	2.49%	158,612,771	9,666	-0.55%
2014	16,421	145,102,348	8,837	4.61%	162,306,774	9,884	2.26%
2015	16,056	151,892,543	9,460	7.06%	170,967,848	10,648	7.73%
2016	16,333	156,693,732	9,594	1.41%	175,364,647	10,737	0.83%
2017	16,096	157,300,562	9,772	1.86%	180,039,047	11,185	4.17%
2018	15,906	168,714,235	10,607	8.54%	191,279,740	12,026	7.52%
2019	15,851	165,063,333	10,414	-1.82%	184,048,410	11,612	-3.44%
2020	15,094	167,060,659	11,068	6.28%	192,488,980	12,753	9.83%
2021	14,986	167,184,078	11,156	0.79%	191,879,406	12,804	0.40%

*General Fund and Governmental Operating Expenditures less debt service and capital projects (Function 70 and 80)

Source: PEIMS Edit + Reports Data Review (PRF7D001)
Financial Statements and Auditors' Independent Report
Statement of Activities (Exhibit C-3)
Budgetary Comparison Schedule (Exhibit C-5)
2012-2021 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STUDENT INFORMATION
LAST TEN YEARS

TABLE L-25

<u>Fiscal Year</u>	<u>Teacher/ Student Ratio</u>	<u>Percentage of Free and Reduced Lunch</u>	<u>Number of Economically Disadvantage Students</u>	<u>Percentage of Economically Disadvantage Students</u>
2012	16.8	1.03%	15,305	86.0%
2013	16.5	1.38%	15,367	85.7%
2014	16.1	0.40%	15,186	85.6%
2015	16.0	47.09%	12,878	74.0%
2016	16.4	51.58%	14,269	80.1%
2017	15.9	54.40%	14,228	81.7%
2018	15.5	58.27%	14,145	82.4%
2019	15.7	59.73%	14,786	85.6%
2020	15.8	54.28%	14,431	84.1%
2021	15.9	54.16%	14,033	84.7%

Source: PEIMS Edit + Reports Data Review (PDM1-100-012)
 Child Nutrition Program
 2012-2021 Fiscal Year End 08/31

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF SCHOOL BUILDING AND PORTABLES
AUGUST 31,2020

TABLE L-26

	Estimated Square Footage	Building Capacity	Portable Square Footage	Year built
<i>High Schools</i>				
<i>Weslaco High School</i>	365,516	3,000	320	1975
<i>Weslaco East High School</i>	339,369	3,000	-	2000
<i>South Palm Gardens High School</i>	10,973	275	3,762	1982
<i>Early College High School</i>	57,297	850	-	1962
Sub-Total	773,155	7,125	4,082	
<i>Middle Schools</i>				
<i>Mary Hoge Middle School</i>	140,792	1,425	-	1997
<i>Cuellar Middle School</i>	114,618	1,275	-	2011
<i>Central Middle School</i>	233,267	1,625	-	2010
<i>B Garza Middle School</i>	141,244	1,325	-	1997
Sub-Total	629,921	5,650	-	
<i>Elementary Schools</i>				
<i>F. D. Roosevelt Elementary</i>	91,766	1,034		2009
<i>Sam Houston Elementary</i>	99,316	968		2012
<i>Rodolfo Rudy Silva Jr. Elementary</i>	87,675	1,056		2002
<i>Justice A. Gonzalez Elementary</i>	92,875	1,078		2002
<i>Margo Elementary</i>	119,403	1,826		1983
<i>Airport Elementary</i>	126,953	1,276		1990
<i>Memorial Elementary</i>	126,953	1,298		1990
<i>North Bridge Elementary</i>	129,953	1,298		1992
<i>A.N. (Tony) Rico Elementary</i>	89,022	1,232		1994
<i>Cleckler-heald Elementary</i>	89,772	1,232		1994
<i>PFC Mario Ybarra Elementary</i>	96,250	1,078		2011
Sub-Total	1,149,938	13,376	-	
<i>Other</i>				
<i>Calvillo CATE Center</i>	64,440	350		2002
<i>Horton DAEP</i>	17,356	350	-	1924
Sub-Total	81,796	700	-	
Total	2,634,810	26,851	4,082	

Source: Weslaco ISD Facilities

This page is left blank intentionally

SINGLE AUDIT SECTION

This page is left blank intentionally

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
Weslaco 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 Weslaco Independent School District (the "District") as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2022.

Internal Control over Financial Reporting

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

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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, Rigg & Ingram, L.L.C.

McAllen, Texas
January 18, 2022

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

To the Board of Trustees
Weslaco Independent School District

Report on Compliance for Each Major Federal Program

We have audited the Weslaco Independent School District's (the "District") 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 District's major federal programs for the year ended August 31, 2021. The District's major federal programs are identified in the summary of auditors' 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 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 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 District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

Report on Internal Control over Compliance

Management of the 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 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 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.

Carr, Rigg & Ingram, L.L.C.

McAllen, Texas
January 18, 2022

**WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2021**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|------------|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No |
| 4. Identification of major programs | |

<u>Assistance Listing Number</u>	<u>Federal Program</u>
84.010	Title I Grants to Local Educational Agencies
84.424	Student Support and Academic Enrichment Program
84.425D & 84.425U	COVID-19 Education Stabilization Fund
5. Dollar threshold used to distinguish between type A and type B programs:	\$1,100,940
6. Auditee qualified as low-risk under 2CFR 200.520	Yes

**WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED AUGUST 31, 2021**

SECTION II – FINANCIAL STATEMENT FINDINGS

Significant Deficiency in Internal Control and Compliance

Reference Number 2021-001

Allotment Spending Requirements

Condition:	The District did not meet the spending requirements for the Bilingual Education Allotment, Dyslexia Allotment, and Early Education Allotment by \$85,734, \$37,633, and \$264,007, respectively, for the year ended August 31, 2021.
Criteria:	As reflected on the Texas Education Agency's Summary of Finances, the District is required to spend 55% of the Bilingual Education Allotment, 100% of the Dyslexia Allotment, and 100% of the Early Education Allotment.
Cause:	Monitoring of spending requirements was not performed periodically during the year to ensure compliance. The effects COVID-19 school closures may also have had an effect on spending during the fiscal year.
Effect:	Not meeting the required allotment spending requirements results in non-compliance. TEA has historically enforced corrective action plans for school districts if they fail to meet their spending requirements over a three-year average. This practice was adopted into law under House Bill 3 (HB 3).
Recommendation:	We recommend the District to continue monitoring expenditures on all spending requirements on a periodic basis to ensure compliance with state spending requirements.
Management's Response:	See management's corrective action plan.

**WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED AUGUST 31, 2021**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

Section IV – Prior Findings and Questioned Costs for Federal Awards

Financial Statement Findings:

Reference Number: (2020-001)

Allotment Spending Requirements

Status:

The District continues working on monitoring of its required allotment spending requirements.

Conclusion: Repeated in current year as finding (2021-001)

Federal Award Findings:

**CFDA# 84.287 – 21st Century
Community Learning Centers**

Reference Number: (2020-002)

Allowable Costs/Cost Principles

Status:

Finding has been resolved. No further corrective action deemed necessary.

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASS THROUGH TO SUBRECIPIENTS FEDERAL EXPENDITURES
US DEPARTMENT OF EDUCATION			
Passed Through Region One Service Center			
Gaining Early Awareness & Readiness for Undergraduate Program	84.334	P-334A110180	\$ - \$ 419,011
Gaining Early Awareness & Readiness for Undergraduate Program	84.334	P-334A110180	- 39,061
Total Passed Through Region One Service Center			- 458,072
Passed Through Texas Education Agency			
Title I Grants to Local Educational Agencies	84.010	22610101108913	- 649,231
Title I Grants to Local Educational Agencies	84.010	21610101108913	- 6,541,914
Title I Grants to Local Educational Agencies	84.010	20610101108913	- 751,095
Title I Grants to Local Educational Agencies	84.010	22610103108913	- 2,175
Title I Grants to Local Educational Agencies	84.010	21610103108913	- 19,608
Title I Grants to Local Educational Agencies	84.010	20610103108913	- 31,899
Total Assistance Listing Number 84.010			- 7,995,922
Migrant Education-State Grant Program	84.011	22615001108913	- 42,864
Migrant Education-State Grant Program	84.011	21615001108913	- 338,898
Migrant Education-State Grant Program	84.011	20615001108913	- 648,591
Migrant Education-State Grant Program	84.011	196150207110008	- 11,243
Total Assistance Listing Number 84.011			- 1,041,596
Career and Technical Education-Basic Grants to States	84.048	22420006108913	- 25,095
Career and Technical Education-Basic Grants to States	84.048	21420006108913	- 249,273
Total Assistance Listing Number 84.048			- 274,368
Supporting Effective Instruction State Grants	84.367	22694501108913	- 48,290
Supporting Effective Instruction State Grants	84.367	21694501108913	- 770,256
Supporting Effective Instruction State Grants	84.367	20694501108913	- 80,691
Total Assistance Listing Number 84.367			- 899,237
English Language Acquisition State Grants	84.365	22671001108913	- 18,530
English Language Acquisition State Grants	84.365	21671001108913	- 297,447
English Language Acquisition State Grants	84.365	20671001108913	- 27,846
Total Assistance Listing Number 84.365			- 343,823
Student Support and Academic Enrichment Program	84.424	22680101108913	- 102,773
Student Support and Academic Enrichment Program	84.424	21680101108913	- 470,016
Student Support and Academic Enrichment Program	84.424	20680101108913	- 366,289
Total Assistance Listing Number 84.424			- 939,079
Twenty-First Century Community Learning Centers	84.287	216950247110031	- 1,758,493
Twenty-First Century Community Learning Centers	84.287	206950247110031	- 43,270
Total Assistance Listing Number 84.287			- 1,801,763
Instructional Continuity Program	84.377	17610740108913	- 26,365
Total Assistance Listing Number 84.377			- 26,365
COVID-19 Education Stabilization Fund – ESSER I	84.425D	20521001108913	- 245,047
COVID-19 Education Stabilization Fund – ESSER II	84.425D	21521001108913	- 3,607,000
COVID-19 Education Stabilization Fund – ESSER II-PPRP	84.425D	52102135	- 762,569
Total Assistance Listing Number 84.425D			- 4,614,616
COVID-19 Education Stabilization Fund – ESSER III	84.425U	21528001108913	- 3,252,251
Total Assistance Listing Number 84.425U			- 3,252,251

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASS THROUGH TO SUBRECIPIENTS FEDERAL EXPENDITURES
*Special Education-Grants to States	84.027	226600011089136000	\$ - \$ 201,495
*Special Education-Grants to States	84.027	216600011089136000	- 2,462,230
*Special Education-Grants to States	84.027	206600011089136000	- 182,481
Total Assistance Listing Number 84.027			- 2,846,207
*Special Education-Preschool Grants	84.173	226610011089136000	- 2,752
*Special Education-Preschool Grants	84.173	216610011089136000	- 4,195
*Special Education-Preschool Grants	84.173	206610011089136000	- 41,332
Total Assistance Listing Number 84.173			- 48,279
Total Special Education Cluster (IDEA)			- 2,894,486
Total Passed Through Texas Education Agency			- 24,083,504
TOTAL DEPARTMENT OF EDUCATION			- 24,541,576
US DEPARTMENT OF AGRICULTURE			
Passed through Texas Department of Agriculture:			
*National School Breakfast Program	10.553	806780706	- 3,921,933
Total Assistance Listing Number 10.553			- 3,921,933
*National School Lunch Program	10.555	806780706	- 6,569,446
*COVID-19 National School Lunch Program	10.555	806780706	- 1,004,388
Total Assistance Listing Number 10.555			- 7,573,834
Total Child Nutrition Cluster			- 11,495,767
*Emergency Food Assistance Program (Food Commodities)	10.569	806780706	- 332,987
Total Assistance Listing Number 10.569			- 332,987
*Commodity Supplemental Food Program	10.565	806780706	- 12,492
Total Assistance Listing Number 10.565			- 12,492
Total Food Distribution Cluster			- 345,478
Total Passed Through Texas Department of Agriculture			- 11,841,245
Passed through Texas Department of Agriculture:			
* Fresh Fruits and Vegetables Program	10.582	806780706	- 163,211
Total Assistance Listing Number 10.582			- 163,211
Total Passed Through Texas Department of Agriculture			- 163,211
TOTAL DEPARTMENT OF AGRICULTURE			- 12,004,456
US DEPARTMENT OF TREASURY			
COVID-19 Passed Through Texas Department of Emergency Management:			
Coronavirus Relief Fund	21.019	2020-CF-21019	- 53,074
Total Assistance Listing Number 21.019			- 53,074
TOTAL DEPARTMENT OF TREASURY			- 53,074
US DEPARTMENT OF DEFENSE			
Direct Programs:			
Junior Reserve Officer Training Corps	12.U01	108-913	- 98,884
Total Assistance Listing Number 12.U01			- 98,884
TOTAL DEPARTMENT OF DEFENSE			- 98,884
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ - \$ 36,697,990

* Clustered Programs

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2021

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of Weslaco ISD. The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Federal funds for R.O.T.C, the Child Nutrition Cluster, School Health and Related Services (SHARS), and revenues for indirect costs are reported in the General Fund. All other federal programs are accounted for and reported in Special Revenue Funds.

2. BASIS OF ACCOUNTING AND PRESENTATION

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund Types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund, or in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

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

3. SUB-RECIPIENTS

During the year ended August 31, 2021, the District had no sub-recipients.

4. INDIRECT COST RATE

Weslaco Independent School District has elected not to use the 10% of the minimis indirect cost rate allowed under the Uniform Guidance.

5. FEDERAL LOANS AND LOAN GUARANTEES

During the year ended August 31, 2021, the District had no outstanding federal loans payable or loan guarantees.

6. FEDERALLY FUNDED INSURANCE

During the year ended August 31, 2021, the District had no outstanding federally funded insurance.

7. NONCASH AWARDS

During the year ended August 31, 2021, the District received \$332,987 as non-cash assistance under the National School Lunch Program.

8. CONTINGENCIES

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

9. FEDERAL PASS-THROUGH FUNDS

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

10. RECONCILIATION FROM THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE EXHIBIT C-3

Total Federal Award Expended	\$ 36,697,990
School Health and Related Services (SHARS) Revenue	<u>868,365</u>
Exhibit C-3	<u>\$ 37,566,355</u>

This page is left blank intentionally

CORRECTIVE ACTION

This page is left blank intentionally



WESLACO

Independent School District

319 West Fourth Street / P.O. Box 266, Weslaco, Texas 78599-0266 (956) 969-6500

Weslaco Independent School District
Corrective Action Plan
For the year ended August 31, 2021

Findings Related to the Financial Statements

2020-001 Allotment Spending Requirements

Corrective Action Plan – Our Dyslexia Allotment funds will be utilized to purchase research based instructional materials, testing materials, and software programs and licenses to meet our dyslexia instruction and intervention goals. In addition, staff development will be provided to ensure the implementation of the instructional materials and programs are done with fidelity.

Proposed Completion date 05/26/2022

Contact Person – Neil Garza and Edna Perez

Corrective Action Plan - Our Early Education Allotment funds will be utilized to purchase research based instructional materials, technology, and classroom furniture to help facilitate instruction and software programs to meet our early literacy and math proficiency goals and social emotional component of early learning. We will also use the funds for staff development in Early Education to help teachers improve classroom instruction for our – pre-kindergarten to third grade students. We strive to use all instructional materials. Technology and software programs are done with fidelity and in a timely manner. The District did not meet the requirement of 100% spending by the state, but it was only short the amount of \$264,007 compared to \$1,496,417 from last year. The District did not spend all funds because remote learning was still in place. District did not spend funds on Extended Day, Saturday school, or mentor programs for the second semester of 20-21 due to Covid-19 and remote learning. HB3 Board Adopted Goals were approved in December 2020 and again in December 2021. All Early Education Allotment expenditures are based on equitable budget decisions that are aligned with board approved strategic goals. Furthermore, all purchases went through a thorough vetting process that involved multiple stakeholders such as campus administrators, department heads, instructional strategists, and grade level chairs.

Proposed Completion Date – 05/26/2022

Contact Person – Abel Aguilar and Janie Pena

Corrective Action Plan – Our Bilingual funds will be used to provide services and resources to close the achievement gap of our Emergent Bilinguals (EB). We will be purchasing classroom libraries and supplemental second language resources that will improve the listening, speaking, reading, and writing proficiency of our EBs. All expenditures are in alignment to the Student Achievement Improvement Plan.

Proposed Completion Date – 02/28/2022

Contact Person – Elias Trevino and Dr. Carolina Lopez

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2021

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