



# Sharyland Independent School District

## FINANCIAL STATEMENTS

June 30, 2022

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# INTRODUCTORY SECTION



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**Sharyland Independent School District  
Principal Officials  
June 30, 2022**

**Board of Trustees**

President	Dr. Noe Oliveira
Vice President	Hector M. Rivera
Secretary	Jose “Pepe” Garcia
Assistant Secretary	Ricky Longoria, C.P.A.
Member	Keith A. Padilla
Member	Alejandro Rodriguez
Member	Maritza L. Esqueda

**Administration**

Superintendent	Dr. Maria Vidaurri
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**Sharyland Independent School District  
Certificate of the Board  
For the Year Ended June 30, 2022**

CERTIFICATE OF THE BOARD

SHARYLAND INDEPENDENT SCHOOL DISTRICT,  
HIDALGO COUNTY

County Number 108, District Number 911, Region Number 1

We, the undersigned, do hereby certify that the attached annual financial report for the above named school district was reviewed and \_\_\_\_\_\_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended June 30, 2022 at the meeting of the Board of Trustees of such school district on the 14th day of November, 2022.

  
\_\_\_\_\_  
President, Board of Trustees

  
\_\_\_\_\_  
Secretary, Board of Trustees





# FINANCIAL SECTION



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Sharyland Independent School District

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Change in Accounting Principle***

As described in Note 2 to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual- General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability- Teacher Retirement System of Texas, Schedule of the District's Contributions for Pensions- Teacher Retirement System of Texas, Schedule of the District's Proportionate Share of the Net OPEB Liability- Teacher Retirement System of Texas, Schedule of District's Contributions for Other Postemployment Benefits (OPEB)- Teacher Retirement System of Texas and the related notes to required supplementary information as listed in the table of contents be presented to supplement

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other information section identified in the Table of Contents is presented for the purpose of additional analysis as required by the Texas Education Agency, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and exhibits in the other information section as identified in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 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  
November 14, 2022

## Sharyland Independent School District Management's Discussion and Analysis

As management of the Sharyland Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent period by \$42,610,757 (*net position*).
- The District's expenses for the year for governmental activities were \$118,644,336 that accounted for \$9,133,616 less than revenues of \$127,777,952.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$46,239,195. Approximately 88 percent of this total amount, \$40,503,761 is *available for spending* at the District's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$40,451,558 or 42 percent of the total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as

## Sharyland Independent School District Management's Discussion and Analysis

opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges.

The District has one *business-type activity* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 14-16 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. Data from the other governmental funds are combined into a single, aggregated presentation. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 17-20 of this report.
- **Proprietary funds.** *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. As mentioned above in the



## Sharyland Independent School District Management's Discussion and Analysis

government-wide definition, the District has one *business-type activity or enterprise fund*.

The second type of proprietary fund is the *internal service fund*. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the *internal service fund* to report activities for its self-funded insurance program and print shop. The basic proprietary fund financial statements can be found on pages 21-23 of this report.

- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and 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 that can be found on pages 24-25.

**Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-69 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 70-79 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42,610,757 as of June 30, 2022 and by \$33,474,408 as of June 30, 2021.

## Sharyland Independent School District Management's Discussion and Analysis

	<b>The District's Net Position</b>					
	Governmental Activities		Business- Type Activites		Total	
	As Restated				As Restated	
	June 2022	June 2021	June 2022	June 2021	June 2022	June 2021
Current assets	\$ 61,811,047	\$ 55,211,813	\$ 83,426	\$ 62,996	\$ 61,894,473	\$ 55,274,809
Noncurrent assets	152,128,750	157,071,115	111,639	129,625	152,240,389	157,200,740
<b>Total assets</b>	<b>213,939,797</b>	<b>212,282,928</b>	<b>195,065</b>	<b>192,621</b>	<b>214,134,862</b>	<b>212,475,549</b>
Deferred outflows of resources	14,007,856	18,845,616	-	-	14,007,856	18,845,616
Current liabilities	15,236,170	16,542,235	-	289	15,236,170	16,542,524
Long-term liabilities	133,889,884	154,785,195	-	-	133,889,884	154,785,195
<b>Total liabilities</b>	<b>149,126,054</b>	<b>171,327,430</b>	<b>-</b>	<b>289</b>	<b>149,126,054</b>	<b>171,327,719</b>
Deferred inflows of resources	36,405,907	26,519,038	-	-	36,405,907	26,519,038
<b>Net Position</b>						
Net investment in capital assets	56,959,170	57,804,998	111,639	129,625	57,070,809	57,934,623
Restricted	3,921,587	2,694,267	-	-	3,921,587	2,694,267
Unrestricted	(18,465,065)	(27,217,189)	83,426	62,707	(18,381,639)	(27,154,482)
<b>Total Net Position</b>	<b>\$ 42,415,692</b>	<b>\$ 33,282,076</b>	<b>\$ 195,065</b>	<b>\$ 192,332</b>	<b>\$ 42,610,757</b>	<b>\$ 33,474,408</b>

The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit in the unrestricted balance was mainly due to GASB 68 and 75 transactions.

**Governmental activities.** The District's total net position increased by \$9,133,616 in 2022 and increased by \$8,316,160 in 2021. The total cost of all *governmental activities* these years was \$118,644,336 in 2022 and \$123,537,483 in 2021. The amount that our taxpayers paid for these activities through property taxes was \$44,237,569 or 37% in 2022 and \$45,514,223 or 37% in 2021.

**Business activities.** The District's total net position increased \$2,733 in 2022 and decreased \$36,784 in 2021. The total cost of all *business activities* these years was \$191,221 in 2022 and \$50,969 in 2021.

## Sharyland Independent School District Management's Discussion and Analysis

	Changes in the District's Net Position					
	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>REVENUES</b>						
<b>Program revenues</b>						
Charges for services	\$ 1,593,329	\$ 648,287	\$ 193,954	\$ 14,185	\$ 1,787,283	\$ 662,472
Op.grants and contributions	25,828,761	24,741,022	-	-	25,828,761	24,741,022
<b>General revenues</b>						
Property Taxes	44,237,569	45,514,223	-	-	44,237,569	45,514,223
State Aid - Formula	55,664,406	58,576,664	-	-	55,664,406	58,576,664
Investment Earnings	264,712	595,518	-	-	264,712	595,518
Other	189,175	1,777,929	-	-	189,175	1,777,929
<b>Total Revenues</b>	<b>127,777,952</b>	<b>131,853,643</b>	<b>193,954</b>	<b>14,185</b>	<b>127,971,906</b>	<b>131,867,828</b>
<b>EXPENSES</b>						
Instruction	62,358,813	68,793,959	-	-	62,358,813	68,793,959
Instr.Resources & Media Svcs.	1,221,321	1,228,097	-	-	1,221,321	1,228,097
Curriculum and Staff Dev.	2,048,224	543,781	-	-	2,048,224	543,781
Instructional Leadership	3,188,036	2,681,651	-	-	3,188,036	2,681,651
School Leadership	6,050,884	6,092,472	-	-	6,050,884	6,092,472
Guidance, Counseling & Eval.Svcs.	4,792,882	5,043,239	-	-	4,792,882	5,043,239
Social Work Services	49,595	44,032	-	-	49,595	44,032
Health Services	1,402,941	1,272,437	-	-	1,402,941	1,272,437
Student Transportation	4,086,423	3,713,759	-	-	4,086,423	3,713,759
Food Services	6,747,130	7,751,255	-	-	6,747,130	7,751,255
Extracurricular Activities	7,571,583	6,408,813	-	-	7,571,583	6,408,813
General Administration	3,213,378	3,555,459	-	-	3,213,378	3,555,459
Facilities Maintenance and Operations	10,002,093	9,871,511	-	-	10,002,093	9,871,511
Security and Monitoring Services	1,229,621	1,240,756	-	-	1,229,621	1,240,756
Data Processing Services	1,041,190	1,096,282	-	-	1,041,190	1,096,282
Community Services	496,722	448,272	191,221	50,969	687,943	499,241
Debt Service-Interest on Long Term Debt	2,198,929	2,842,954	-	-	2,198,929	2,842,954
Debt Service-Bond Issuance Cost and Fees	451,947	396,282	-	-	451,947	396,282
Payments to JJAEP	-	15,000	-	-	-	15,000
Other Governmental Charges	492,624	497,472	-	-	492,624	497,472
<b>Total Expenses</b>	<b>118,644,336</b>	<b>123,537,483</b>	<b>191,221</b>	<b>50,969</b>	<b>118,835,557</b>	<b>123,588,452</b>
<b>Total Increase in Net Position</b>	<b>9,133,616</b>	<b>8,316,160</b>	<b>2,733</b>	<b>(36,784)</b>	<b>9,136,349</b>	<b>8,279,376</b>
Beginning, Net Position	33,282,076	24,965,916	192,332	229,116	33,474,408	25,195,032
<b>Ending, Net Position</b>	<b>\$ 42,415,692</b>	<b>\$ 33,282,076</b>	<b>\$ 195,065</b>	<b>\$ 192,332</b>	<b>\$ 42,610,757</b>	<b>\$ 33,474,408</b>

Table A-3 represents 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 charges for services and operating grants and contributions). The net cost reflects the financial burden that was placed on the District's taxpayers for each of these functions.

Table A-3

	Cost			Net Cost		
	2022	2021	%	2022	2021	%
			Change			Change
Instruction	62,358,813	68,793,959	-9.4%	53,043,166	57,883,690	-8.4%
Facilities Maintenance and Operations	10,002,093	9,871,511	1.3%	9,657,705	9,225,856	4.7%
Extracurricular Activities	7,571,583	6,408,813	18.1%	7,031,682	5,797,614	21.3%
Food Services	6,747,130	7,751,255	-13.0%	(784,029)	(1,450,596)	-46.0%

## Sharyland Independent School District Management's Discussion and Analysis

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$46,239,195 an increase of \$6,486,594. Approximately 88 percent of this total amount (\$40,503,761) constitutes *unassigned fund balance*. The remainder of fund balance is *nonspendable* or *restricted* or *committed* to indicate that it is not available for new spending. The District reported fund balance as nonspendable for inventories (\$534,245), for endowment principal (\$10,000) and for prepaid items (\$136,828). The District reported restricted fund balance for federal and state fund grants (\$2,760,246) and to pay debt service (\$1,813,988). District also committed fund balance for campus activities in the amount of \$480,127 as of June 30, 2022.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$40,451,558 while the total fund balance was \$40,931,152. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 42 percent of the total general fund expenditures, while total fund balance represents 42 percent of that same amount.

The fund balance of the District's general fund increased by \$5,530,711 during the current fiscal period.

**Proprietary funds.** As mentioned earlier, the District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the enterprise fund at June 30, 2022, amounted to \$83,426. During the year, the funds had an increase in net position of \$2,733.

### General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved budget revisions on an operating basis. The major amendments fall into the following categories:

- Amendments to revise estimates for local and state revenue based on the latest information on student attendance numbers and favorable current and delinquent tax collection rates.
- Amendments during the year for unexpected occurrences.

## Sharyland Independent School District Management's Discussion and Analysis

- Amendments throughout the year for renovation/construction projects.

The District made the following amendments to increase budgeted revenue:

Revenues from Local and Intermediate Sources	\$ 1,165,940
State Program Revenues	(3,737,965)
Federal Progeam Revenues	1,039,301

Following is a summary of amendments made to increase (decrease) appropriations:

Instructional and Instructional Related Services	\$ (2,334,265)
Instructional and School Leadership	687,578
Support Services -Student (Pupil)	314,296
Administrative Support Services	(177,160)
Support Services - Non Student Based	304,903
Ancillary Services	197
Debt Services	146,555
Capital Outlay	600,000
Other	28,000

### Capital Asset and Debt Administration

**Capital assets.** The District's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$152,128,750 (net of accumulated depreciation), a decrease of 3.06% over prior year. This investment in capital assets includes land, buildings, etc. as listed below.

District's Capital Assets Governmental Activities (net of depreciation and amortization of leases)		As Restated
	2022	2021
Land	\$ 11,657,499	\$ 11,671,562
Buildings and improvements	130,956,656	135,818,999
Furniture and equipment	7,687,809	7,600,475
Leased assets	777,976	984,124
Infrastructure Assets-Roads	327,034	354,102
Infrastructure Assets-Networks and Subsystems	339,404	365,181
Construction in Progress	382,372	276,672
Total capital assets	<u>\$ 152,128,750</u>	<u>\$ 157,071,115</u>

Additional information on the District's capital assets can be found in Note 7 on pages 46-47 of this report.

## Sharyland Independent School District Management's Discussion and Analysis

**Long-term debt.** At the end of June 30, 2022, the District had \$95,705,743 in long-term obligations including general obligation bonds, lease payable, and maintenance tax notes. Long-term obligations presented a decreased of \$6,267,598 over prior year.

The District's bonds have received a rating of "Aaa" by Moody's by virtue of the guarantee of the Permanent School fund of the State of Texas. The presently outstanding tax supported debt of the District is rated "A2" by Moody's and "A" by Fitch Ratings.

The District also has issues outstanding which are rated "Aaa" by Moody's and "A" by Fitch Ratings by virtue of the guarantee of the Permanent School Fund of the State of Texas. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the District is \$376,838,567, which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 10 on pages 48-51 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- Previously very rapid enrollment growth has subsided to a more sustainable pace, and anticipated future enrollment gains should position the district for additional state funding growth. The District's budget was prepared using prior year's Average Daily Attendance (ADA).
- Taxable assessed valuation continues to register gains primarily due to ongoing residential and commercial development. Although taxable assessed valuation growth has slowed since the pre-recession double-digit rates, the community's existing infrastructure, attractive master planned communities, and strength of our school system position the District for continued growth. The District taxable value for 2022 experienced a 13.4% growth when compared to 2021.
- The District has estimated revenues and appropriated expenditures in the 2022-23. General Fund officially adopted budget of \$101,551,206.

### **Independent Audit**

The Texas Education Code, as well as our District policy, requires an annual audit of the District's financial statements by independent certified public accountants selected by the Board of Trustees. In addition to meeting the requirements set forth in state statutes, the financial audit was designed to also meet the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The independent auditors' report on the basic financial statements, required supplementary information, and other schedules are included in the financial sections of this report.

## Sharyland Independent School District Management's Discussion and Analysis

### **Awards**

The Financial Integrity Rating System of Texas (FIRST) program, a financial accountability system for Texas school districts was developed by the Texas Education Agency in response to Senate bill 875 of the 76<sup>th</sup> Texas Legislature in 1999. The primary goal of FIRST is to achieve quality performance in the management of school district financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school financial system. The District has been awarded the "Superior Achievement" rating under FIRST since the inception of the ratings. The "Superior Achievement" rating is the state's highest financial rating, demonstrating the quality of Sharyland ISD sound fiscal management.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Sharyland Independent School District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Jaime Ortega  
Chief Financial Officer  
Sharyland ISD  
1200 N. Shary Road  
Mission, Texas 78572

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SHARYLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022

EXHIBIT A-1

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 42,072,687	\$ 83,426	\$ 42,156,113
1120 Investments	1,418,270	-	1,418,270
1225 Property Taxes Receivable, Net	1,328,734	-	1,328,734
1240 Due from Other Governments	16,056,246	-	16,056,246
1250 Accrued Interest	41,961	-	41,961
1267 Due from Fiduciary Funds	2,000	-	2,000
1290 Other Receivables, Net	220,076	-	220,076
1300 Inventories	534,245	-	534,245
1410 Prepaid Items	136,828	-	136,828
Capital Assets:			
1510 Land	11,657,499	-	11,657,499
1520 Buildings, Net	130,956,656	78,158	131,034,814
1530 Furniture and Equipment, Net	7,687,809	33,481	7,721,290
1550 Right-to-Use Leased Assets, Net	777,976	-	777,976
1580 Construction in Progress	382,372	-	382,372
1590 Infrastructure, Net	666,438	-	666,438
1000 Total Assets	<u>213,939,797</u>	<u>195,065</u>	<u>214,134,862</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
1701 Deferred Charge for Refunding	455,968	-	455,968
1705 Deferred Outflow Related to TRS Pension	7,068,226	-	7,068,226
1706 Deferred Outflow Related to TRS OPEB	6,483,662	-	6,483,662
1700 Total Deferred Outflows of Resources	<u>14,007,856</u>	<u>-</u>	<u>14,007,856</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	1,444,145	-	1,444,145
2140 Interest Payable	817,909	-	817,909
2150 Payroll Deductions and Withholdings	996,508	-	996,508
2160 Accrued Wages Payable	7,980,603	-	7,980,603
2200 Accrued Expenses	751,639	-	751,639
2300 Unearned Revenue	215,092	-	215,092
Noncurrent Liabilities:			
2501 Due Within One Year: Bonds, Notes, Leases, etc	3,030,274	-	3,030,274
Due in More than One Year:			
2502 Bonds, Notes, Leases, etc.	92,675,469	-	92,675,469
2540 Net Pension Liability (District's Share)	12,871,460	-	12,871,460
2545 Net OPEB Liability (District's Share)	28,342,955	-	28,342,955
2000 Total Liabilities	<u>149,126,054</u>	<u>-</u>	<u>149,126,054</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2605 Deferred Inflow Related to TRS Pension	15,107,607	-	15,107,607
2606 Deferred Inflow Related to TRS OPEB	21,298,300	-	21,298,300
2600 Total Deferred Inflows of Resources	<u>36,405,907</u>	<u>-</u>	<u>36,405,907</u>
<b>NET POSITION</b>			
3200 Net Investment in Capital Assets	56,959,170	111,639	57,070,809
Restricted:			
3820 Restricted for Federal and State Programs	2,760,246	-	2,760,246
3850 Restricted for Debt Service	1,161,341	-	1,161,341
3900 Unrestricted	(18,465,065)	83,426	(18,381,639)
3000 Total Net Position	<u>\$ 42,415,692</u>	<u>\$ 195,065</u>	<u>\$ 42,610,757</u>

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

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

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 62,358,813	\$ 435,170	\$ 8,880,477
12 Instructional Resources and Media Services	1,221,321	38,615	99,550
13 Curriculum and Instructional Staff Development	2,048,224	-	1,237,381
21 Instructional Leadership	3,188,036	11,033	412,139
23 School Leadership	6,050,884	242,726	510,860
31 Guidance, Counseling, and Evaluation Services	4,792,882	8,132	1,602,111
32 Social Work Services	49,595	-	6,677
33 Health Services	1,402,941	-	667,135
34 Student (Pupil) Transportation	4,086,423	-	735,928
35 Food Services	6,747,130	260,547	7,270,612
36 Extracurricular Activities	7,571,583	514,359	25,542
41 General Administration	3,213,378	82,747	3,463,758
51 Facilities Maintenance and Operations	10,002,093	-	344,388
52 Security and Monitoring Services	1,229,621	-	-
53 Data Processing Services	1,041,190	-	43,759
61 Community Services	496,722	-	528,444
72 Debt Service - Interest on Long-Term Debt	2,198,929	-	-
73 Debt Service - Bond Issuance Cost and Fees	451,947	-	-
99 Other Intergovernmental Charges	492,624	-	-
[TG] Total Governmental Activities:	<u>118,644,336</u>	<u>1,593,329</u>	<u>25,828,761</u>
BUSINESS-TYPE ACTIVITIES:			
01 Enterprise Funds - After-School Day Care	191,221	193,954	-
[TB] Total Business-Type Activities:	<u>191,221</u>	<u>193,954</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 118,835,557</u>	<u>\$ 1,787,283</u>	<u>\$ 25,828,761</u>
Data			
Control	General Revenues:		
Codes	Taxes:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
GC	Grants and Contributions not Restricted		
IE	Investment Earnings		
MI	Miscellaneous Local and Intermediate Revenue		
TR	Total General Revenues		
CN	Change in Net Position		
NB	Net Position - Beginning		
NE	Net Position - Ending		

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (53,043,166)	\$ -	\$ (53,043,166)
(1,083,156)	-	(1,083,156)
(810,843)	-	(810,843)
(2,764,864)	-	(2,764,864)
(5,297,298)	-	(5,297,298)
(3,182,639)	-	(3,182,639)
(42,918)	-	(42,918)
(735,806)	-	(735,806)
(3,350,495)	-	(3,350,495)
784,029	-	784,029
(7,031,682)	-	(7,031,682)
333,127	-	333,127
(9,657,705)	-	(9,657,705)
(1,229,621)	-	(1,229,621)
(997,431)	-	(997,431)
31,722	-	31,722
(2,198,929)	-	(2,198,929)
(451,947)	-	(451,947)
(492,624)	-	(492,624)
(91,222,246)	-	(91,222,246)
-	2,733	2,733
-	2,733	2,733
(91,222,246)	2,733	(91,219,513)
38,171,834	-	38,171,834
6,065,735	-	6,065,735
55,664,406	-	55,664,406
264,712	-	264,712
189,175	-	189,175
100,355,862	-	100,355,862
9,133,616	2,733	9,136,349
33,282,076	192,332	33,474,408
\$ 42,415,692	\$ 195,065	\$ 42,610,757

SHARYLAND INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 34,573,715	\$ 5,973,835	\$ 40,547,550
1120 Investments	1,381,190	37,080	1,418,270
1225 Taxes Receivable, Net	1,143,412	185,322	1,328,734
1240 Due from Other Governments	13,439,710	2,616,536	16,056,246
1250 Accrued Interest	36,023	4,363	40,386
1260 Due from Other Funds	2,756,365	3,675	2,760,040
1290 Other Receivables	69	-	69
1300 Inventories	342,766	191,479	534,245
1410 Prepaid Items	136,828	-	136,828
1000 Total Assets	<u>\$ 53,810,078</u>	<u>\$ 9,012,290</u>	<u>\$ 62,822,368</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 1,006,195	\$ 280,460	\$ 1,286,655
2150 Payroll Deductions and Withholdings Payable	911,615	84,893	996,508
2160 Accrued Wages Payable	7,345,061	635,542	7,980,603
2170 Due to Other Funds	201,675	2,356,364	2,558,039
2200 Accrued Expenditures	-	7,609	7,609
2300 Unearned Revenue	7,327	207,765	215,092
2000 Total Liabilities	<u>9,471,873</u>	<u>3,572,633</u>	<u>13,044,506</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Deferred Inflow of Resources - Property Taxes	827,998	131,614	959,612
2602 Deferred Inflow of Resources - Other	2,579,055	-	2,579,055
2600 Total Deferred Inflows of Resources	<u>3,407,053</u>	<u>131,614</u>	<u>3,538,667</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	342,766	191,479	534,245
3425 Endowment Principal	-	10,000	10,000
3430 Prepaid Items	136,828	-	136,828
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	2,760,246	2,760,246
3480 Retirement of Long-Term Debt	-	1,813,988	1,813,988
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	480,127	480,127
3600 Unassigned Fund Balance	40,451,558	52,203	40,503,761
3000 Total Fund Balances	<u>40,931,152</u>	<u>5,308,043</u>	<u>46,239,195</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 53,810,078</u>	<u>\$ 9,012,290</u>	<u>\$ 62,822,368</u>

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

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

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	46,239,195
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		645,198
2 Capital assets (including right-to-use leased assets) of \$243,375,107 net of accumulated depreciation/amortization of \$91,246,357 are not financial resources, and therefore, are not reported as assets in governmental funds. This results in an increase in net position.		152,128,750
3 Long-term liabilities, including bonds and notes payable of (\$83,685,000), premium on bonds and notes of (\$10,834,732), accretion of CAB's of (\$874,243), deferred charges on refunding of \$455,968, and lease liabilities of (\$311,768), are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		(95,249,775)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS was a Deferred Resource Outflow in the amount of \$7,068,226, a Deferred Resource Inflow in the amount of (\$15,107,607) and a net pension liability in the amount of (\$12,871,460). This resulted in a decrease in net position.		(20,910,841)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$6,483,662, a deferred resource inflow in the amount of (\$21,298,300), and a net OPEB liability in the amount of (\$28,342,955). This resulted in a decrease in net position.		(43,157,593)
6 Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		(817,909)
7 Property tax receivables of \$959,612 and SHARS receivables of \$2,579,055 are not currently available and are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		3,538,667
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>42,415,692</b>

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 39,239,283	\$ 7,002,887	\$ 46,242,170
5800 State Program Revenues	58,172,886	822,510	58,995,396
5900 Federal Program Revenues	4,794,951	23,040,191	27,835,142
5020 Total Revenues	<u>102,207,120</u>	<u>30,865,588</u>	<u>133,072,708</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	53,905,210	8,846,524	62,751,734
0012 Instructional Resources and Media Services	1,099,468	176,813	1,276,281
0013 Curriculum and Instructional Staff Development	898,260	1,240,629	2,138,889
0021 Instructional Leadership	2,988,238	445,165	3,433,403
0023 School Leadership	5,811,173	744,023	6,555,196
0031 Guidance, Counseling, and Evaluation Services	3,596,185	1,651,699	5,247,884
0032 Social Work Services	77,718	7,394	85,112
0033 Health Services	855,145	641,382	1,496,527
0034 Student (Pupil) Transportation	3,849,600	789,682	4,639,282
0035 Food Services	178,385	6,940,651	7,119,036
0036 Extracurricular Activities	7,014,697	251,386	7,266,083
0041 General Administration	3,249,406	196,137	3,445,543
0051 Facilities Maintenance and Operations	9,736,131	784,706	10,520,837
0052 Security and Monitoring Services	1,221,277	300	1,221,577
0053 Data Processing Services	1,022,638	56,439	1,079,077
0061 Community Services	12,267	530,327	542,594
Debt Service:			
0071 Principal on Long-Term Liabilities	650,232	3,245,000	3,895,232
0072 Interest on Long-Term Liabilities	110,347	2,967,754	3,078,101
0073 Bond Issuance Cost and Fees	-	451,947	451,947
Capital Outlay:			
0081 Facilities Acquisition and Construction	12,050	398,014	410,064
Intergovernmental:			
0099 Other Intergovernmental Charges	492,624	-	492,624
6030 Total Expenditures	<u>96,781,051</u>	<u>30,365,972</u>	<u>127,147,023</u>
1100 Excess of Revenues Over Expenditures	<u>5,426,069</u>	<u>499,616</u>	<u>5,925,685</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7901 Refunding Bonds Issued	-	26,540,000	26,540,000
7912 Sale of Real and Personal Property	104,642	-	104,642
7916 Premium or Discount on Issuance of Bonds	-	3,875,550	3,875,550
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(29,959,283)	(29,959,283)
7080 Total Other Financing Sources (Uses)	<u>104,642</u>	<u>456,267</u>	<u>560,909</u>
1200 Net Change in Fund Balances	5,530,711	955,883	6,486,594
0100 Fund Balance - July 1 (Beginning)	<u>35,400,441</u>	<u>4,352,160</u>	<u>39,752,601</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 40,931,152</u>	<u>\$ 5,308,043</u>	<u>\$ 46,239,195</u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	6,486,594
<p>The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.</p>		
		41,384
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2022 capital outlays and debt principal payments is to increase net position.</p>		
		11,509,130
<p>Depreciation and amortization of leases are 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.</p>		
		(6,624,104)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and other revenues unavailable for \$603,594, reclassifying the proceeds of refunding bond of (\$26,540,000), premium of refunding bond of (\$3,875,550), defeased bonds of \$26,955,000, change in refunding of (\$2,433,464), change in CAB accretion of (\$99,243) and the change in interest payable for \$484,002. The net effect of these reclassifications and recognitions is to decrease net position.</p>		
		(4,905,661)
<p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$2,135,848. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling (\$1,817,896). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net position expense increased the change in net position by \$839,929. The net result is an increase in the change in net position.</p>		
		1,157,881
<p>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 \$522,237. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling (\$482,014). 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 \$1,428,169. The net result is an increase in the change in net position.</p>		
		1,468,392
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>9,133,616</b>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 83,426	\$ 1,525,136
Accrued Interest	-	1,574
Other Receivables	-	220,007
Total Current Assets	83,426	1,746,717
Noncurrent Assets:		
Capital Assets:		
Buildings and Improvements	176,233	-
Depreciation on Buildings and Improvements	(98,075)	-
Furniture and Equipment	131,378	-
Depreciation on Furniture and Equipment	(97,897)	-
Total Noncurrent Assets	111,639	-
Total Assets	195,065	1,746,717
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	-	157,489
Due to Other Funds	-	200,000
Accrued Expenses	-	744,030
Total Liabilities	-	1,101,519
<b>NET POSITION</b>		
Net Investment in Capital Assets	111,639	-
Unrestricted Net Position	83,426	645,198
Total Net Position	\$ 195,065	\$ 645,198

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



SHARYLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<b>OPERATING REVENUES:</b>		
Local and Intermediate Sources	\$ 183,627	\$ 10,635,784
State Program Revenues	10,327	-
Total Operating Revenues	<u>193,954</u>	<u>10,635,784</u>
<b>OPERATING EXPENSES:</b>		
Payroll Costs	164,732	-
Professional and Contracted Services	2,840	1,521,062
Supplies and Materials	834	-
Other Operating Costs	4,827	9,082,628
Depreciation Expense	17,988	-
Total Operating Expenses	<u>191,221</u>	<u>10,603,690</u>
Operating Income	<u>2,733</u>	<u>32,094</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Earnings from Temporary Deposits & Investments	-	9,290
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>9,290</u>
Change in Net Position	2,733	41,384
Total Net Position - July 1 (Beginning)	<u>192,332</u>	<u>603,814</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 195,065</u></u>	<u><u>\$ 645,198</u></u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT D-3

	Business-Type Activities - Total Enterprise Funds	Governmental Activities - Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 193,954	\$ 10,487,971
Cash Received from Assessments - Other Funds	-	1,986
Cash Payments to Employees for Services	(167,571)	(1,605,466)
Cash Payments for Supplies	(1,125)	-
Cash Payments for Other Operating Expenses	(4,828)	(8,975,440)
Net Cash Provided by (Used for) Operating Activities	<u>20,430</u>	<u>(90,949)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Earning from Temporary Deposits and Investments	-	9,290
Transfer from other funds	-	200,000
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>209,290</u>
Net Increase in Cash and Cash Equivalents	20,430	118,341
Cash and Cash Equivalents at Beginning of Year	62,996	1,406,795
Cash and Cash Equivalents at End of Year	<u>\$ 83,426</u>	<u>\$ 1,525,136</u>
<u>Reconciliation of Operating Income to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income:	\$ 2,733	\$ 32,094
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	17,988	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Other Receivables	-	(147,813)
Increase (decrease) in Accounts Payable	(291)	(84,404)
Increase (decrease) in Accrued Interest	-	1,986
Increase (decrease) in Accrued Expenses	-	107,188
Net Cash Provided by (Used for) Operating Activities	<u>\$ 20,430</u>	<u>\$ (90,949)</u>

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

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

	Private Purpose Trust Fund	Total Custodial Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 176,385	\$ 390,597
Investments - Current	-	273,751
Accrued Interest	177	392
Total Assets	<u>176,562</u>	<u>\$ 664,740</u>
<b>LIABILITIES</b>		
Accounts Payable	12,850	36,510
Due to Other Funds	2,000	-
Total Liabilities	<u>14,850</u>	<u>36,510</u>
<b>NET POSITION</b>		
Restricted for Student Activities	-	628,230
Restricted for Scholarships	161,712	-
Total Net Position	<u>\$ 161,712</u>	<u>\$ 628,230</u>

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

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

	Private Purpose Trust Fund	Total Custodial Funds
<b>ADDITIONS:</b>		
Contributions to Student Groups	\$ -	\$ 92,360
Miscellaneous Revenue - Student Activities	-	705,296
Earnings from Temporary Deposits	888	3,253
Contributions, Gifts and Donations	27,255	-
Total Additions	<u>28,143</u>	<u>800,909</u>
<b>DEDUCTIONS:</b>		
Supplies and Materials	-	122,926
Other Deductions	20,600	840,530
Total Deductions	<u>20,600</u>	<u>963,456</u>
Change in Fiduciary Net Position	7,543	(162,547)
Total Net Position - July 1 (Beginning)	<u>154,169</u>	<u>790,777</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 161,712</u></u>	<u><u>\$ 628,230</u></u>

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

## Sharyland Independent School District Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sharyland Independent School District (“District”) was created in 1921. The District is committed to providing the highest quality education for all students. There are a total of thirteen campuses, which include eight elementary schools, two junior high schools, and three high schools.

#### ***Reporting Entity***

The Sharyland Independent School District is a public educational agency operating under the applicable laws and regulation of the State of Texas. A seven-member Board of Trustees governs the District that is elected by registered voters of the District. The District prepares its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources of the American Institute of Certified Public Accountants. Additionally, the District complies with the requirements of the appropriate version of the Texas Educational Agency (“TEA”) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

The Board of Trustees (“Board”), a seven-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Sharyland Independent School District. The governing Board derives its powers from the statutes of the State of Texas and the rules and regulations of the Texas State Department of Education. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, as the District is not included in any other governmental “reporting entity” as defined by the GASB in its Statements No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. The District has no component units.

#### ***Government-Wide and Fund Financial Statements***

The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

## Sharyland Independent School District Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated by type and reported as non-major funds.

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to longevity pay, claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenues 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.

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

## Sharyland Independent School District Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Unearned revenue is reported in the governmental funds when a potential revenue does not meet both the “measureable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

#### ***Government-Wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for fiduciary funds, though these are excluded from the government-wide financial statements.

As discussed earlier, the District has no component units.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### ***Fund Financial Statements***

The fund financial statements provide information about the District’s funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others that cannot be used to support the government’s own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The District reports the following major governmental funds:

The *General Fund* is the District’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program, and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, and debt service.

## Sharyland Independent School District Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Additionally, the District reports the following fund types:

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects. Most federal and some state financial award programs are accounted for in these funds and sometimes unused balances must be returned to the grantor at the close of specified project periods.

*Proprietary funds* distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund and after school care funds is charges for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Enterprise Funds.* The Enterprise Fund accounts for the District's After-School Day Care Programs.

*Internal Service Fund.* The District's self-funded medical and workers' compensation insurance plans provided for the benefit of eligible employees. The plans are intended to be self-supporting and contributions for premiums are increased periodically to cover the cost of claims, insurance premiums and administrative fees.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others that cannot be used to support the government's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The *private-purpose trust fund* accounts for donations for scholarship funds that are received by the District that are to be awarded to current and former students for post-secondary education purposes.

The *custodial fund* accounts for resources held in a custodial capacity by the District and consists of funds that are the property of student groups or others. The District provides accounting services and collect monies on behalf of student groups or others expected to be distributed within three months of receipt. These funds are not held in trust.



## Sharyland Independent School District Notes to Financial Statements

### **Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

#### ***Budgetary Information***

##### *Budgetary basis of accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and debt service fund. Certain special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and function. Transfers of appropriations between funds require the approval of the board of trustees. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

#### ***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance***

##### *Cash and cash equivalents*

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

## Sharyland Independent School District Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

#### *Investments*

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

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

Investments in entities (such as investment pools) that calculate Net Asset Value per Share and follow the requirements of GASB Statement No. 79 are reported at amortized costs. All other investments are reported at fair value unless a legal contract exists which guarantees a high value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The Act determines the type of investments, which are allowable for the District. These include, with certain restrictions, (1) obligation of, or guaranteed by, governmental entities, (2) certificates of deposit and share certificates, (3) fully collateralized repurchase agreements, (4) a securities lending program, (5) banker’s acceptances, (6) commercial paper, (7) no-load money market mutual funds and no-load mutual funds, (8) guaranteed investment contracts, and (9) public funds investment pools. The district policy authorizes all the State allowable investments.

#### *Receivable and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal period are referred to as either “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectible. Property taxes are levied by October 1<sup>st</sup> on the assessed value listed as of the prior January 1<sup>st</sup> for all real and business personal property in the District in conformity with Subtitle E, Texas Property Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1<sup>st</sup> of the year following

## Sharyland Independent School District Notes to Financial Statements

### **Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

the year in which imposed. On January 31<sup>st</sup> of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Delinquent taxes are prorated between general and debt service funds based on rates adopted for the year of the levy. Allowance 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.

Accrued liabilities include amounts accrued for salaries and for self-insurance claims.

#### *Interfund Activities and Transactions*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Similarly, interfund receivables and payables are netted and presented as a single “Internal Balances” line of the government-wide statement of net assets. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

#### *Inventories and Prepaid Items*

Inventories of supplies on the balance sheet are stated at cost and they include consumable custodial, maintenance, transportation supplies. Inventories of governmental funds are recorded as expenditures when they are consumed rather than when purchased. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory and deferred revenue when received in the governmental funds. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Prepaid items are payments made for services that benefit periods beyond the current period.

## Sharyland Independent School District Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

#### *Capital Assets*

Capital assets, which include land, buildings, right-to-use leased assets, furniture and equipment, are reported in the applicable governmental or business type activity columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of the assets are not capitalized. A capitalization threshold of \$5,000 is used.

Land and construction in progress are not depreciated. The other capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset class	Estimated useful lives
Buildings	50
Building improvements	7-25
Furniture and equipment	5-20
Right-to-use leases assets - furniture and equipment	3-12
Infrastructure assets - roads	20
Infrastructure assets - networks and subsystems	5

#### *Deferred Outflows/Inflows of Resources*

Certain defined transactions that do not qualify for treatment as either assets or liabilities are required to be accounted for and reported as either deferred outflows of resources (a separate subheading following assets but before liabilities) or deferred inflows of resources (a separate subheading following liabilities but before equity).

*Deferred outflows of resources* represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. It has a positive effect on net position, similar to assets. The deferred amount for advance refunding of debt is a result of the difference in the carrying value of refunded debt and its reacquisition price is reported as a deferred outflow of resources. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

*Deferred inflows of resources* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. It has a negative effect on net position similar to liabilities. Advances of revenue from imposed nonexchange transactions such as property taxes or transactions recorded as a receivable prior to the period when

## Sharyland Independent School District Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

resources are required to be used or are available, are reported as deferred inflows of resources at the fund level. Deferred refunding debt (credits) are reported as deferred inflow of resources and are amortized over the lesser life of the refunding bonds or refunded debt. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The deferred outflows and deferred inflows related to pensions and other postemployment benefits (OPEB) are an aggregate of items related to pensions and OPEB calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. Deferred inflows of resources for pension and OPEB are reported in the government-wide financial statement of net position. These deferred inflows result primarily from differences between projected and actual earnings on pension plan investments and on changes in actuarial assumptions in the OPEB plan. These amounts will be amortized between 5.00 and 9.1672 years.

#### *Fair Value Measurements*

The District adopted 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:

- 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.

## Sharyland Independent School District Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

#### *Leases*

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The leased asset is recorded for the same amount as the related lease liability plus prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payments.

#### *Long-Term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

#### *Pensions*

The District is a member employer of the Teacher Retirement System of Texas (TRS) and, therefore, records its proportionate share of the pension liability and related accounts in these financial statements. The fiduciary net position of the Teacher Retirement System of Texas (TRS) plan has been determined using the flow of economic resources measurement focus on 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 benefit terms. Investments are reported at fair value.

## Sharyland Independent School District Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

#### *Other Post-Employment Benefits (OPEB) Liability*

The District is a member employer of the TRS Care Plan and therefore, records its proportionate share of the net OPEB liability and related deferred inflows/outflows in these financial statements. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economics 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 a pay-as you-go plan and all cash is held in a cash account.

#### *Government-wide Net Position*

**Net position flow assumption.** Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied. The District's net position is composed of the following:

**Net Investment in Capital Assets.** The component of net position that represents capital assets less capital related debt.

**Restricted for State and Federal Programs.** The component of net position that reports the difference between assets and liabilities of the Federal and State special revenue programs that consists of assets with constraints placed on their use by the Department of Education, Agriculture, the Texas Education Agency and other federal and state entities.

**Restricted for Debt Service.** The component of net position that reports the restricted assets set aside in a sinking fund, net of accrued interest, that have constraints placed on their use by the debt covenant.

**Unrestricted.** The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not reported in net position invested in capital assets, net position restricted for debt services, or net position restricted for state and federal programs. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

## Sharyland Independent School District Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

#### *Fund Balance*

Fund Balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. There are two major categories of fund balances, which are nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. As such, the prepaid insurance and inventories have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).

In addition to the nonspendable fund balance, there is a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

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

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that can be used only for the specific purposes imposed by formal action through the adoption of a resolution by the Board of Trustees, which is the highest level of decision making authority in the District. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process.

Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered legally enforceable. Committed fund balance also incorporates contract obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements



## Sharyland Independent School District Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The Board has, by local policy – annual operating budget, authorized the Superintendent, or his designee, to assign fund balance. The Board, Superintendent or designee may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. An additional action does not have to be taken for the removal of an assignment.
  
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

#### ***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires the use of management’s estimates. Actual results could vary from the estimates assumed in preparing the financial statements. Estimates that are particularly susceptible to significant change in the near term are related to allowance for doubtful accounts, pension liability, and OPEB liability.

#### ***Internal Service Fund Activity***

Because the principal users of the internal service activities are the District’s governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements.

Only the net profit or loss before investment income is allocated to the operating programs benefited. The investment income is combined with other unrestricted income as general revenue in the statement of activities.

#### ***Accounting System***

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

#### ***Data Control Codes***

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial statement filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

## Sharyland Independent School District Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 14, 2022. See Note 17 for relevant disclosure(s). No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### ***Recently Issued and Implemented Accounting Pronouncements***

In 2022, the District implemented Statement No. 87, *Leases*, which improves the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. See Note 2 for implications to the financial statements in the implementation of this standard.

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

- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 101, *Compensated Absences*

Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The District is evaluating the requirements of GASB No. 96 and the impact on reporting for future years.

Statement No. 99, enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease

## Sharyland Independent School District Notes to Financial Statements

### **Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

incentives. Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription based information technology arrangement (SBITA) term, classification of a SBITA as a short term SBITA, and recognition and measurement of a subscription liability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The District is evaluating the requirements of GASB No. 99 and the impact on reporting for future years.

Statement No. 101, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. The District is evaluating the requirements of GASB No. 101 and the impact on reporting for future years.

### **Note 2 – CHANGE IN ACCOUNTING PRINCIPLE**

The District adopted GASB No. 87, *Leases*, as of July 1, 2021. The District evaluated contracts that were formerly accounted for as operating and capital leases to determine whether they meet the definition of a lease as defined in GASB 87. At July 1, 2021 the District had a leased assets beginning balance of \$1,199,503. Due to the implementation of GASB 87 the District calculated and recognized an additional right-to-use asset of \$287,000 and lease liabilities of \$287,000. There were no impacts to the beginning net position related to the adoption of GASB 87.

**Sharyland Independent School District  
Notes to Financial Statements**

**Note 3 – COMPLIANCE AND ACCOUNTABILITY**

***A. Finance-Related Legal and Contractual Provision***

In accordance with GASB Statement No. 38, “*Certain Financial Statement Note Disclosures*,” violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violations reported</u>	<u>Actions taken</u>
None	Not applicable

***B. Expenditures Exceeding Appropriations***

For the year ended June 30, 2022, the District had one expenditure function (72) exceeding appropriated amounts by \$10,022.

***C. Deficit Fund Balances of Individual Funds or Deficit Net Position***

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 (\$ 18,465,065) at year end. The result of this negative balance is due to activities related to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions*. (Refer to Note 15).

**NOTE 4 – DEPOSITS AND INVESTMENTS**

***A. Disclosures Related to Custodial Credit Risk***

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is that risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party.

The Public Funds Investment Act, the District’s investment policy, and Government Code Chapter 2257 “Collateral for Public Funds” contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily, and, to the extent reasonable possible, stabilize at a \$1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or

**Sharyland Independent School District**  
**Notes to Financial Statements**

**Note 4 – DEPOSITS AND INVESTMENTS (Continued)**

greater than 1.005, portfolio holding shall be sold as necessary to maintain the ratio between 0.995 and 1.005.

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

*B. Cash Deposits*

At June 30, 2022, the carrying amount of the District’s deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$42,721,395 and the bank balance was \$42,341,612. The District’s cash deposits at June 30, 2022 and for the year ended June 30, 2022, were entirely covered by FDIC insurance or letters of credit and by pledged collateral held by the District’s agent bank in the District’s name.

A reconciliation of cash and investments as shown on the Statement of Net Position for the primary government are as follows:

Cash on hand	\$ 1,700
Carrying amount deposit	42,721,395
Investments	1,692,021
Less: statement of fiduciary net assets	(840,733)
Cash and investments statement of net position	\$ 43,574,383

Exhibit A-1

Cash and cash equivalents	\$ 42,156,113
Investments	1,418,270
Cash and investments statement of net position	\$ 43,574,383

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

- a. Depositories: Texas Regional Bank
- b. The market value of securities and letters of credit as of the date of the highest combined balance on deposit was \$61,134,453.
- c. The highest combined balance of cash, saving and time deposits accounts amounted to \$58,101,264 occurred during the month of January 2022.

## Sharyland Independent School District Notes to Financial Statements

### Note 4 – DEPOSITS AND INVESTMENTS *(Continued)*

- d. Total amount of FDIC coverage at the time of the largest combined balances was \$500,000.

#### *C. Investments*

Statutes authorize the District to invest in obligations of the U.S. Treasury or the State of Texas allowed by Chapter 2256 Public Funds Investment and Chapter 2257 Collateral for Public Funds of the Government Code.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The District's management believes that it complied in all material respects with the requirements of the Public Funds Investment Act and the District's investment policies.

During the fiscal period the District maintained investments in various pools. Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act

designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

All of the investment pools that the District is invested in have met the criteria established under GASB statement No. 79 to report their value at amortized cost. All of the investment pools strive to maintain a \$1 per share net asset value. Additionally, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

At June 30, 2022, the District's investments are summarized below:

**Sharyland Independent School District  
Notes to Financial Statements**

**Note 4 – DEPOSITS AND INVESTMENTS (Continued)**

	Weighted average maturity	Reported amount
Logic Investment Pool	35 days average	\$ 440,814
TexPool Investments	25 days average	330,708
TexPool Prime Investments	23 days average	663,495
Lone Star Investment	12 days average	257,004
Total		\$ 1,692,021

*D. Disclosures Relating to Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the District’s investment policy and the Texas Public Funds Investment Act and actual rating as of period-end for each investment.

Investment or Investment Type	Amount	Rating	Exposure
Logic Investment Pool	\$ 440,814	AAA-m	26%
TexPool Investments	330,708	AAA-m	20%
TexPool Prime Investments	663,495	AAA-m	39%
Lone Star Investment	257,004	AAA-m	15%
Total	\$ 1,692,021		

*E. Concentration of Credit Risk*

Concentration of credit risk is the risk of loss to the magnitude of the District’s investment in a single issuer. Portfolio diversification is employed in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer, as a way to control risk. Investments issued are explicitly guaranteed by the U.S. government, mutual funds and investment pools are excluded from this requirement.

**Note 5 – RECEIVABLES**

Significant receivables for the government’s individual major funds and other, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows.

## Sharyland Independent School District Notes to Financial Statements

### Note 5 – RECEIVABLES (Continued)

#### Property taxes

Property taxes are levied by October 1<sup>st</sup> in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1<sup>st</sup> of the year following the year in which imposed. On January 1<sup>st</sup> of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the school fiscal period.

The 2021 assessed valuation was \$3,768,385,675.

Delinquent taxes are prorated between the general fund and debt service fund based on the tax rate approved by the Board. For the year ended June 30, 2022, the rates were \$1.0009 and \$.1584, respectively, per \$100 of assessed value.

	General fund	Debt service fund	Total
Total taxes receivable	\$ 2,922,239	\$ 466,835	\$ 3,389,074
Less: allowance for uncollectible	(1,778,827)	(281,513)	(2,060,340)
Property taxes receivable, net	\$ 1,143,412	\$ 185,322	\$ 1,328,734

#### Due From Other Governments

Amounts due from other governments and agencies are as follows:

	General fund	Other funds	Total
Due from other governments			
Texas Education Agency	\$ 10,695,851	\$ 2,551,575	\$ 13,247,426
Medicaid program (SHARS)	2,579,055	-	2,579,055
Other	164,804	64,961	229,765
Total	\$ 13,439,710	\$ 2,616,536	\$ 16,056,246

#### Unearned revenues

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

At the end of the current fiscal period, the various components of unearned revenues are:



**Sharyland Independent School District  
Notes to Financial Statements**

**Note 5 – RECEIVABLES (Continued)**

	General fund	Other funds	Total
Foundation revenue	\$ 7,327	\$ -	\$ 7,327
State grants	-	207,765	207,765
<b>Total</b>	<b>\$ 7,327</b>	<b>\$ 207,765</b>	<b>\$ 215,092</b>

**Note 6 – DISAGGREGATION OF OTHER RECEIVABLE AND ACCRUED LIABILITIES**

Other receivables and accrued liabilities as of June 30, 2022 for the District’s individual major, nonmajor, and internal service funds in the aggregate are as follows:

Other receivables	General fund	Other funds	Internal service fund	Total
Miscellaneous	\$ 69	\$ -	\$ 220,007	\$ 220,076
<b>Total</b>	<b>\$ 69</b>	<b>\$ -</b>	<b>\$ 220,007</b>	<b>\$ 220,076</b>

Accrued expenses				
Wages payable	\$ 7,345,061	\$ 635,542	\$ -	\$ 7,980,603
Claims payable	-	-	744,030	744,030
<b>Total</b>	<b>\$ 7,345,061</b>	<b>\$ 635,542</b>	<b>\$ 744,030</b>	<b>\$ 8,724,633</b>

**Note 7 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2022, are as follows:

## Sharyland Independent School District Notes to Financial Statements

### Note 7 – CAPITAL ASSETS (Continued)

	Restated Balance at 7/1/2021	Increases	Reclassify	Decreases	Balance at 6/30/2022
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 11,671,562	\$ -	\$ -	\$ (14,063)	\$ 11,657,499
Construction in progress	276,672	410,064	(304,364)	-	382,372
Total capital assets, not being depreciated	<u>11,948,234</u>	<u>410,064</u>	<u>(304,364)</u>	<u>(14,063)</u>	<u>12,039,871</u>
Capital assets, being depreciated:					
Building and improvements	202,217,369	-	304,364	-	202,521,733
Furniture and equipment	26,393,809	1,292,002	-	(1,301,965)	26,383,846
Infrastructure asset - roads	541,357	-	-	-	541,357
Infrastructure assets - networks and subsystems	688,797	-	-	-	688,797
Total capital assets, being depreciated	<u>229,841,332</u>	<u>1,292,002</u>	<u>304,364</u>	<u>(1,301,965)</u>	<u>230,135,733</u>
Less accumulated depreciation for:					
Building and improvements	(66,398,370)	(5,166,707)	-	-	(71,565,077)
Furniture and equipment	(18,793,334)	(1,198,404)	-	1,295,701	(18,696,037)
Infrastructure asset - roads	(187,255)	(27,068)	-	-	(214,323)
Infrastructure asset - networks and subsystems	(323,616)	(25,777)	-	-	(349,393)
Total accumulated depreciation	<u>(85,702,575)</u>	<u>(6,417,956)</u>	<u>-</u>	<u>1,295,701</u>	<u>(90,824,830)</u>
Total capital assets, being depreciated, net	<u>144,138,757</u>	<u>(5,125,954)</u>	<u>304,364</u>	<u>(6,264)</u>	<u>139,310,903</u>
Capital assets, being amortized:					
Leased assets	1,199,503	-	-	-	1,199,503
Less accumulated amortization	(215,379)	(206,148)	-	-	(421,527)
Total capital assets, being amortized, net	<u>984,124</u>	<u>(206,148)</u>	<u>-</u>	<u>-</u>	<u>777,976</u>
Governmental activities, capital assets, net	<u>\$ 157,071,115</u>	<u>\$ (4,922,038)</u>	<u>\$ -</u>	<u>\$ (20,327)</u>	<u>\$ 152,128,750</u>
<b>Business-type activities:</b>					
Capital assets, being depreciated:					
Buildings	\$ 176,233	\$ -	\$ -	\$ -	\$ 176,233
Furniture and equipment	131,378	-	-	-	131,378
Total capital assets, being depreciated	<u>307,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,611</u>
Less accumulated depreciation for:					
Buildings	(86,127)	(11,948)	-	-	(98,075)
Furniture and equipment	(91,859)	(6,038)	-	-	(97,897)
Total accumulated depreciation	<u>(177,986)</u>	<u>(17,986)</u>	<u>-</u>	<u>-</u>	<u>(195,972)</u>
Total capital assets, being depreciated, net	<u>129,625</u>	<u>(17,986)</u>	<u>-</u>	<u>-</u>	<u>111,639</u>
Business-type activities capital assets, net	<u>\$ 129,625</u>	<u>\$ (17,986)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,639</u>

**Sharyland Independent School District  
Notes to Financial Statements**

**Note 7 – CAPITAL ASSETS (Continued)**

Depreciation was charged to functions as follows:

	<u>Depreciation</u>	<u>Amortization</u>
Instruction	\$ 4,919,980	\$ 65,484
Instructional resources and media services	40,489	5,563
Instructional leadership	16,868	14,733
School leadership	43,828	28,405
Guidance, counseling and evaluation services	-	7,198
Social work services	2,814	-
Student transportation	319,715	10,438
Food services	145,059	1,649
Co-curricular/extracurricular activities	709,613	64,430
General administration	17,585	8,248
Plant maintenance and operations	128,625	-
Security and monitoring services	8,044	-
Data processing services	65,336	-
<b>Total depreciation and amortization - governmental activities</b>	<b>\$ 6,417,956</b>	<b>\$ 206,148</b>

**Business-type activities:**

Instruction	\$ 17,986
<b>Total depreciation expenses - business-type activities</b>	<b>\$ 17,986</b>

The following summarizes the District's leased assets:

<b>Lease Assets</b>	Restated Balance at 7/1/2021	Increases	Decreases	Balance at 6/30/2022
Copier	\$ 287,000	\$ -	\$ -	\$ 287,000
Scoreboard	912,503	-	-	912,503
<b>Total leased assets</b>	<b>1,199,503</b>	<b>-</b>	<b>-</b>	<b>\$ 1,199,503</b>
<b>Less: Accumulated Amortization</b>				
Copier	-	(143,500)	-	(143,500)
Scoreboard	(215,379)	(62,648)	-	(278,027)
<b>Total accumulated amortization</b>	<b>(215,379)</b>	<b>(206,148)</b>	<b>-</b>	<b>(421,527)</b>
<b>Total lease assets, net</b>	<b>\$ 984,124</b>	<b>\$ (206,148)</b>	<b>\$ -</b>	<b>\$ 777,976</b>

**Sharyland Independent School District**  
**Notes to Financial Statements**

**Note 8 – INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2022 is as follows:

Due to		Due from	
General fund	\$ 2,756,365	General fund (clearing funds)	\$ 201,675
Nonmajor funds		Internal service funds	200,000
Special revenue funds	3,675	Private purpose trust fund	2,000
<b>Totals</b>	<b>\$ 2,760,040</b>	Nonmajor funds	
		Special revenue funds	2,356,365
		<b>Totals</b>	<b>\$ 2,760,040</b>

**Note 9 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. As of June 30, 2022, the governmental funds reported deferred inflows of resources for unavailable property taxes in the amount of \$959,612 and unavailable School Health and Related Services (SHARS) revenues in the amount of \$2,579,055.

Deferred outflows of resources reported at the government-wide financial statement level included deferred charges on refunding of bonds, deferred outflows related to pensions, and deferred outflows related to OPEB. As of June 30, 2022, the amount of deferred charges on refunding of bonds reported as deferred outflows of resources was \$455,968, net of cumulative amortization of \$1,073,596 and subtraction of \$1,359,867 related to refunding of bond in current year. Deferred outflows of resources related to pension and OPEB are \$7,068,226 and \$6,483,662, respectively. Deferred inflows of resources related to pensions and OPEB are \$15,107,607 and \$21,298,300, respectively.

**Note 10 – LONG TERM OBLIGATIONS**

*A. General Obligations Bonds*

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The bonds are guaranteed by the corpus of the Permanent School Fund of the State of Texas in accordance with Article 7, Section 5 of the Texas Constitution, and Subchapter C of Chapter 45 of the Texas Education Code. General obligation bonds are direct obligation and pledge the full faith and credit of the District. Current principal and interest requirements are payable solely

**Sharyland Independent School District**  
**Notes to Financial Statements**

**Note 10 – LONG TERM OBLIGATIONS (Continued)**

from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District and interest earnings.

Certain outstanding bonds may be redeemed at the par value prior to their normal maturity dates in accordance with the terms of the bond indentures. The District has never defaulted on any principal or interest payment. There are a number of limitations and restrictions contained in the general obligation bond indenture. The District’s management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2022.

General obligation and capital appreciation bonds payable at June 30, 2022 are summarized as follows:

Date of issue	Original issue	Final maturity	Interest rate	Outstanding balance
2014 Ref	6,180,000	2030	2.0%-4.0%	\$ 800,000
2015 Ref	29,745,000	2036	2.0%-5.0%	3,740,000
2017 Ref	8,040,000	2034	2.0%-4.5%	7,930,000
2019 Ref	7,465,000	2040	2.0%-5.0%	7,345,000
2020 Ref	35,440,000	2041	3.0%-5.0%	35,440,000
2021 Ref	4,295,000	2031	3.25%-3.5%	4,240,000
2021A Ref	22,245,000	2036	3.75%-5.0%	21,860,000
			Total	<u>\$ 81,355,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year ending June 30	Principal	Interest	Total
2023	\$ 2,370,000	\$ 3,036,211	\$ 5,406,211
2024	2,735,000	2,939,311	5,674,311
2025	3,980,000	2,822,811	6,802,811
2026	3,120,000	3,788,811	6,908,811
2027	4,985,000	2,506,561	7,491,561
2028-2032	26,955,000	8,804,728	35,759,728
2033-2037	24,100,000	3,935,844	28,035,844
2038-2041	13,110,000	972,750	14,082,750
Total	<u>\$ 81,355,000</u>	<u>\$ 28,807,027</u>	<u>\$ 110,162,027</u>

**Sharyland Independent School District  
Notes to Financial Statements**

**Note 10 – LONG TERM OBLIGATIONS (Continued)**

*B. Tax Notes*

Tax notes outstanding at June 30, 2022 are as follows:

Series 2013 Maintenance Tax Note, authorized by Education Code Section 45.108, for the construction of a new Aquatic Center February 15, 2014 through February 15, 2028; interest at 2.720% \$ 1,585,000

Series 2018 Maintenance Tax Note, authorized by Education Code Section 45.108, for renovation and remodeling of existing facilities in the District; February 15, 2018 through February 15, 2033; Interest at 3.5% 1,520,000

\$ 3,105,000

The tax note debt service requirements to maturity, including interest are as follows:

Year ending June 30	Principal	Interest	Total
2023	\$ 365,000	\$ 90,232	\$ 455,232
2024	375,000	79,848	454,848
2025	385,000	69,192	454,192
2026	400,000	58,245	458,245
2027	410,000	46,871	456,871
2028-2032	1,010,000	101,546	1,111,546
2033	160,000	4,960	164,960
Totals	<u>\$ 3,105,000</u>	<u>\$ 450,894</u>	<u>\$ 3,555,894</u>

The Notes are direct obligations of the District payable as to both principal and interest from available funds of the District which include the maintenance tax. The District has pledged to levy a tax from the District's maintenance and operation taxing authority for the tax notes.

*C. Current Year Refunding*

The District issued refunding bonds of \$26,540,000 with interest rates of 3.25% to 5%. The current interest serial bonds mature in the years 2022 through 2036 in installments ranging from \$105,000 to \$2.125 million. The refunding bonds are due in varying installments of \$385,000 to \$2.3 million with a final payment in 2036. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all debt service payments on the Unlimited Tax Refunding Bond Series 2012 and partial outstanding payments for the Unlimited Tax Refunding Bond Series 2014 and Unlimited Tax Refunding Bond Series 2015. Issuance costs were paid out of bonds proceeds.

**Sharyland Independent School District**  
**Notes to Financial Statements**

**Note 10 – LONG TERM OBLIGATIONS (Continued)**

The refunding was undertaken to reduce total debt service payments over the next 15 years by \$2,686,869 to obtain an economic gain (difference between the present value of the debt service payment of the refunded and refunding bonds) of \$2,349,247.

As a result, the refunded bonds are considered to be defeased and the liability for the bonds had been removed from the District’s books. At June 30, 2022, the amount of defeased debt outstanding was \$26,955,000.

*D. Lease Liabilities*

Lease liabilities at June 30, 2022 included a lease arrangement for a scoreboard (with a lease term of October 2021 through October 2022; imputed interest was not significant) in the amount of \$160,000.

Annual lease payments are as follows:

Year ending June 30,	Principal
2023	\$ 160,000
Total	\$ 160,000

In addition, the District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB No. 87 and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception. There are no variable payment components of the leases. The lease liability is measured at a discount rate of 4.5%.

Lease required payments are as follows.

Year ended June 30,	Principal	Interest	Total Requirements
2023	\$ 135,274	\$ 899	\$ 136,173
2024	16,494	100	16,594
	<u>\$ 151,768</u>	<u>\$ 999</u>	<u>\$ 152,767</u>

As a result of these lease liabilities, the District has recorded leased assets with a net book value of \$777,976. See Note 7-Capital Asset for more detail.

## Sharyland Independent School District Notes to Financial Statements

### Note 10 – LONG TERM OBLIGATIONS (Continued)

Long-term debt liabilities activity for the governmental activities for the year ended June 30, 2022, are as follows:

	Beginning Balance				Ending balance	Due within one year
	As Restated	Additions	Reductions	Defeased		
General obligation bonds	\$ 85,015,000	\$ 25,765,000	\$ 3,245,000	\$ 26,955,000	\$ 80,580,000	\$ 2,370,000
Unamortized bond premium	12,891,341	3,875,550	5,932,159	-	10,834,732	-
Accretion of CAB's	-	874,243	-	-	874,243	-
Leases	607,000	-	295,232	-	311,768	295,274
Maintenance tax notes	3,460,000	-	355,000	-	3,105,000	365,000
Total long term liabilities	<u>\$ 101,973,341</u>	<u>\$ 30,514,793</u>	<u>\$ 9,827,391</u>	<u>\$ 26,955,000</u>	<u>\$ 95,705,743</u>	<u>\$ 3,030,274</u>

### Note 11 – GENERAL FUND FEDERAL SOURCE REVENUES

General fund federal sources revenues for the year ended June 30, 2022 were as follows:

Programs or source	Number	Amount
School Health & Relation Services	Not Applicable	\$ 1,362,409
Education Stabilization Fund (CRRSA ESSER II)	84.425D	2,850,262
Junior Reserve Officers' Training Corps	12.U01	83,687
Indirect Costs:		
Title I Grants to Local Educational Agencies	84.010	109,963
Migrant Education State Grant Program	84.011	2,810
Special Education-Grants to States	84.027	67,241
Career and Technical Education - Basic Grants to State	84.048	4,122
Special Education-Preschool Grants	84.173	743
English Language Acquisition State Grants	84.365	8,126
Supporting Effective Instruction State Grants	84.367	16,938
Student Support and Academic Enrichment Program	84.424	8,092
Education Estabilization Fund (CRRSA ESSER III)	84.425U	280,558
Total for general fund		<u>\$ 4,794,951</u>

### Note 12 – RISK MANAGEMENT

#### A. General

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the District carries commercial insurance.

The District purchases insurance to cover these risks, the more significant of which are general liability insurance in the amount of approximately \$1,000,000, and \$290,175,959 for property insurance.



## Sharyland Independent School District Notes to Financial Statements

### Note 12 – RISK MANAGEMENT *(Continued)*

Such insurance is consistent with the prior year, and at June 30, 2022 the District did not have any insurance claims pending.

#### *B. Workmen’s Compensation*

Employees of the District were covered by a self-funded workmen’s compensation program sponsored by the district. All premiums were paid to licensed third party administrator with excess reinsurance. The Plan was documented by contractual agreement.

At June 30, 2022, the District reported \$108,848 of claim liabilities for workers compensation.

#### *C. Health Care*

The District sponsors a self-insurance plan to provide health care benefits to staff members and their dependents. This plan was authorized by section 21.922 of the Texas Education Code and article 3.51-2 of the Texas Insurance Code and was documented by contractual agreement. Transactions related to the plan are accounted for in the internal service fund of the District.

The District was protected against unanticipated, catastrophic individual or aggregate loss by stop-loss coverage carried through American National Life Insurance Company for the period of January 1, 2021 through December 31, 2021 and for the period of January 1, 2022 to December 31, 2022. Stop-loss coverage will be in effect for annual individual claims exceeding \$125,000, and annual aggregate losses exceeding approximately \$9,937,208 and \$9,253,529 respectively for the contract years.

The following is summary of the changes in the balance of claims liabilities for health care for the year ended June 30, 2022.

Liability, beginning of period	\$ 527,718
Claims incurred during the period	8,729,726
Payments on claims	(8,622,262)
Liability, end of period	\$ 635,182

#### *D. Medicare Part D – On Behalf Payments for Reporting Entities*

Funding Policy The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries, also known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants.

## Sharyland Independent School District Notes to Financial Statements

### **Note 12 – RISK MANAGEMENT (Continued)**

The amount of subsidy reimbursement received by TRS on-behalf of the District for the periods ending June 30, 2022, 2021, and 2020, were \$287,539, \$318,284, and \$322,213, respectively.

### **Note 13 - CONTINGENT LIABILITIES**

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

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Audits of all of these programs for the year ended June 30, 2022 have not been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the grantor agency cannot be determined at this time, although the District expects such amount, if any, to be immaterial. The District is involved in a legal proceedings arising from its operations. Management in consultation with its attorneys believes the outcome will have no material effect on the District's financial position.

### **Note 14 – PENSION PLAN OBLIGATIONS**

#### *A. Plan Description*

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

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

#### *B. Pension Plan Fiduciary Net Position*

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

**Sharyland Independent School District  
Notes to Financial Statements**

**Note 14 – PENSION PLAN OBLIGATIONS (Continued)**

*C. Benefits Provided*

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

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

*D. 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.

	<u>Contribution Rates</u>	<u>2021</u>	<u>2022</u>
Member		7.7%	8.0%
Non-Employer Contributing Entity (State)		7.5%	7.75%
Employers		7.5%	7.75%

## Sharyland Independent School District Notes to Financial Statements

### Note 14 – PENSION PLAN OBLIGATIONS (Continued)

District's 2022 FY Employer Contributions	\$ 2,474,853
District's 2022 FY Member Contributions	\$ 5,569,449
2021 measurement year NECE On-behalf Contributions	\$ 3,776,353

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 and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers 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 or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.6 percent of the member's salary beginning in fiscal year 2021, 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.

**Sharyland Independent School District  
Notes to Financial Statements**

**Note 14 – PENSION PLAN OBLIGATIONS (Continued)**

*E. Actuarial Assumptions*

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the total pension liability in the August 31, 2021.

The following table discloses the assumptions that were applied to this measurement period:

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

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

## Sharyland Independent School District Notes to Financial Statements

### Note 14 – PENSION PLAN OBLIGATIONS *(Continued)*

#### *F. 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 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Sharyland Independent School District**  
**Notes to Financial Statements**

**Note 14 – PENSION PLAN OBLIGATIONS (Continued)**

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2021 are summarized below:

Asset Class*	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
USA	18.0%	3.6%	0.94%
Non-US Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
<b>Stable Value</b>			
Government Bonds	16.0%	-0.2%	0.01%
Absolute Return	0.0%	1.1%	0.00%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
<b>Real Return</b>			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Resources and Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
<b>Risk Parity</b>			
	8.0%	2.8%	0.28%
<b>Asset Allocation Leverage</b>			
Cash	2.0%	-0.70%	-0.01%
Asset Allocation Leverage	-6.0%	-0.05%	0.03%
Inflation Expectation			2.20%
Volatility Drag****			-0.95%
<b>Expected Return</b>	<b>100%</b>		<b>6.90%</b>

\*Absolute Return includes Credit Sensitive Investments.

\*\*Target allocations are based on the FY2021 policy model.

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

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

*G. Discount Rate Sensitivity Analysis*

The following schedule shows the impact of the Net Pension Liability if the discounted rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2021 Net Pension Liability.

**Sharyland Independent School District**  
**Notes to Financial Statements**

**Note 14 – PENSION PLAN OBLIGATION (Continued)**

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the Net pension liability:	\$ 28,126,182	\$ 12,871,460	\$ 495,249

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

At June 30, 2022, the District reported a liability of \$ 12,871,460 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 are as follows:

District's proportionate share of the collective net pension liability	\$ 12,871,460
State's proportionate share that is associated with District	22,535,654
Total	\$ 35,407,114

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 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, 2020 thru August 31, 2021.

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.0505427884% which was a decrease of (0.0009598759%) from its proportion measured as of August 31, 2020.

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

For the year ended June 30, 2022, the District recognized pension expense of \$1,068,062 and revenue of \$90,095 for support provided by the State.



**Sharyland Independent School District**  
**Notes to Financial Statements**

**Note 14 – PENSION PLAN OBLIGATION (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 21,540	\$ 906,161
Changes in actuarial assumptions	4,549,810	1,983,327
Difference between projected and actual investment earnings	-	10,792,552
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	361,028	1,425,567
Total as of August 31, 2021 measurement date	<u>4,932,378</u>	<u>15,107,607</u>
Contributions paid to TRS subsequent to the measurement date	2,135,848	-
Total as of fiscal year-end	<u>\$ 7,068,226</u>	<u>\$ 15,107,607</u>

Contributions of \$2,135,848 paid to TRS subsequent to the measurement date are classified as deferred outflows of resources and will reduce pension liability in the next fiscal year. The remaining deferred inflows of resources and deferred outflows of resources related to pensions noted above will be amortized and recognized in pension expense in the government-wide financial statements as follows:

Year ended June 30,	Pension Expense Amount
2023	\$ (1,742,192)
2024	(1,860,173)
2025	(2,819,620)
2026	(3,504,906)
2027	(201,693)
Thereafter	(46,645)

The net pension liability activity for the year ended June 30, 2022 were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Net Pension Liability	<u>\$ 27,583,776</u>	<u>\$ (12,555,415)</u>	<u>\$ 2,156,901</u>	<u>\$ 12,871,460</u>

## Sharyland Independent School District Notes to Financial Statements

### Note 15 – OTHER POST-EMPLOYMENT BENEFIT PLANS

#### A. 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.

#### B. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

#### C. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension System. 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 the average retiree with Medicare and without Medicare coverage.

	TRS-Care Monthly Premium Rates	
	Medicare	Non-Medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

## Sharyland Independent School District Notes to Financial Statements

### Note 15 – OTHER POST-EMPLOYMENT BENEFIT PLANS *(Continued)*

#### *D. 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 salary. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

<u>Contribution Rates</u>	<u>2021</u>	<u>2022</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District's 2022 FY Employer Contributions	\$	614,237
District's 2022 FY Member Contributions	\$	455,193
Measurement year NECE on-behalf contributions	\$	769,051

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 hiring a TRS retiree, employers are required to pay TRS Care, a monthly surcharge of \$535 per retiree.

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

## Sharyland Independent School District Notes to Financial Statements

### Note 15 – OTHER POST-EMPLOYMENT BENEFIT PLANS *(Continued)*

#### *E. Actuarial Assumptions*

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The Actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2021 TRS ACFR, Note 9, page 76.*

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

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

#### **Additional Actuarial Methods and Assumptions:**

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

**Sharyland Independent School District  
Notes to Financial Statements**

**Note 15 – OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

*F. Discount Rate*

A single discount rate of 1.95 percent was used to measure the Total OPEB Liability. There was a decrease of .38 percent in the discount rate since the previous year. 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 applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

*G. Discount Rate Sensitivity Analysis*

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

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District’s proportionate share of the Net OPEB liability	\$ 34,188,135	\$ 28,342,955	\$ 23,742,608

*H. Healthcare Cost Trend Rates Sensitivity Analysis*

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate. The assumed healthcare cost trend rate increased from 7.3% in fiscal year 2020 to 7.4% in fiscal year 2021.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District’s proportionate share of the Net OPEB Liability	\$ 22,956,854	\$ 28,342,955	\$ 35,569,764

**Sharyland Independent School District  
Notes to Financial Statements**

**Note 15 – OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

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

At June 30, 2022, the District reported a liability of \$28,342,955 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 are as follows:

District's proportionate share of the collective net OPEB liability	\$ 28,342,955
State's proportionate share that is associated with District	<u>37,973,243</u>
Total	<u><u>\$ 66,316,198</u></u>

The net OPEB liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 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 OPEB relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net OPEB liability was 0.0734759444% which was a decrease of (0.0016218884%) from its proportion measured as of August 31, 2020.

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

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

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the period ended June 30, 2022, the District recognized OPEB expense of (\$2,347,658) and revenue of (\$1,401,503) for support provided by the State.

**Sharyland Independent School District**  
**Notes to Financial Statements**

**Note 15 – OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,220,298	\$ 13,719,973
Changes in actuarial assumptions	3,139,315	5,994,010
Difference between projected and actual investment earnings	30,771	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,571,041	1,584,317
Total as of August 31, 2021 measurement date	\$ 5,961,425	\$ 21,298,300
Contributions paid to TRS subsequent to the measurement date	522,237	-
Total as of fiscal year-end	\$ 6,483,662	\$ 21,298,300

Contributions of \$522,237 paid to TRS subsequent to the measurement date are classified as deferred outflows of resources and will reduce OPEB liability in the next fiscal year. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Pension Expense Amount
2023	\$ (2,894,063)
2024	(2,894,757)
2025	(2,894,567)
2026	(2,148,512)
2027	(1,138,468)
Thereafter	(3,366,508)

The net OPEB liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Net OPEB Liability	\$ 28,548,078	\$ 368,891	\$ 574,014	\$ 28,342,955

**Sharyland Independent School District**  
**Notes to Financial Statements**

**Note 16 – CONSTRUCTION COMMITMENTS**

At June 30, 2022, the District had the following construction commitments.

Project name	Contract amount	Architect/Civil Amount	Amount expended	Remaining commitment
Sharyland North JH Chiller	\$ 445,218	\$ 28,326	\$ 22,060	451,484
B.L. Gray JH Chiller - Phase 2	512,209	32,513	68,991	475,731
Wernecke Elementary HVAC Upgrades	1,905,480	110,675	85,386	1,930,769
Shimotsu Elementary HVAC Upgrades	1,710,677	107,417	193,884	1,624,210
Shary Elementary Parking Lot Improvements	719,653	44,978	12,050	752,581
Total	\$ 5,293,237	\$ 323,909	\$ 382,371	\$ 5,234,775

**NOTE 17 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through November 14, 2022, which is the date these financial statement were available to be issued. The following items occurred:

In July 2022, the Board approved to purchase four passenger school buses from cooperative approved vendor, Longhorn Bus Sales in the amount of \$506,744.

In July 2022, the Board approved HVAC Upgrades to Sharyland High school Science Building and Fieldhouse for a total of \$2,043,560.



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# REQUIRED SUPPLEMENTARY INFORMATION



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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 37,646,959	\$ 38,812,899	\$ 39,239,283	\$ 426,384
5800 State Program Revenues	61,383,092	57,645,127	58,172,886	527,759
5900 Federal Program Revenues	1,698,185	2,737,486	4,794,951	2,057,465
5020 Total Revenues	100,728,236	99,195,512	102,207,120	3,011,608
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	57,156,436	54,765,921	53,905,210	860,711
0012 Instructional Resources and Media Services	1,101,133	1,104,290	1,099,468	4,822
0013 Curriculum and Instructional Staff Development	919,370	972,463	898,260	74,203
0021 Instructional Leadership	2,676,067	3,286,969	2,988,238	298,731
0023 School Leadership	6,027,917	6,104,593	5,811,173	293,420
0031 Guidance, Counseling, and Evaluation Services	3,921,206	4,020,422	3,596,185	424,237
0032 Social Work Services	42,656	78,102	77,718	384
0033 Health Services	891,404	894,130	855,145	38,985
0034 Student (Pupil) Transportation	3,978,454	4,015,050	3,849,600	165,450
0035 Food Services	-	215,516	178,385	37,131
0036 Extracurricular Activities	7,346,899	7,271,695	7,014,697	256,998
0041 General Administration	3,516,719	3,339,559	3,249,406	90,153
0051 Facilities Maintenance and Operations	9,637,978	9,843,059	9,736,131	106,928
0052 Security and Monitoring Services	1,352,600	1,385,718	1,221,277	164,441
0053 Data Processing Services	1,011,682	1,078,386	1,022,638	55,748
0061 Community Services	44,588	44,785	12,267	32,518
Debt Service:				
0071 Principal on Long-Term Liabilities	616,127	661,555	650,232	11,323
0072 Interest on Long-Term Liabilities	-	100,325	110,347	(10,022)
0073 Bond Issuance Cost and Fees	-	802	-	802
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	600,000	12,050	587,950
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	12,000	20,000	-	20,000
0099 Other Intergovernmental Charges	475,000	495,000	492,624	2,376
6030 Total Expenditures	100,728,236	100,298,340	96,781,051	3,517,289
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,102,828)	5,426,069	6,528,897
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	40,000	104,642	64,642
7915 Transfers In	5,892,095	5,908,095	-	(5,908,095)
8911 Transfers Out (Use)	(5,892,095)	(5,948,095)	-	5,948,095
7080 Total Other Financing Sources (Uses)	-	-	104,642	104,642
1200 Net Change in Fund Balances	-	(1,102,828)	5,530,711	6,633,539
0100 Fund Balance - July 1 (Beginning)	35,400,441	35,400,441	35,400,441	-
3000 Fund Balance - June 30 (Ending)	\$ 35,400,441	\$ 34,297,613	\$ 40,931,152	\$ 6,633,539

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

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Pension Liability (Asset)	0.050542788%	0.051520664%	0.053648638%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 12,871,460	\$ 27,583,776	\$ 27,888,239
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	22,535,654	49,114,601	46,698,431
Total	<u>\$ 35,407,114</u>	<u>\$ 76,698,377</u>	<u>\$ 74,586,670</u>
District's Covered Payroll	\$ 67,289,299	\$ 67,936,378	\$ 63,696,089
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	19.13%	40.60%	43.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.055706202%	0.053833165%	0.053277561%	0.0553427%	0.0283796%
\$ 30,662,045	\$ 17,212,946	\$ 20,132,798	\$ 19,562,908	7,580,584
50,417,067	29,553,002	36,360,594	34,659,893	30,726,532
<u>\$ 81,079,112</u>	<u>\$ 46,765,948</u>	<u>\$ 56,493,392</u>	<u>\$ 54,222,801</u>	<u>\$ 38,307,116</u>
\$ 62,609,369	\$ 59,733,574	\$ 58,753,125	\$ 56,328,129	52,936,190
48.97%	28.82%	34.27%	34.73%	14.32%
73.74%	82.17%	78.00%	78.43%	83.25%

SHARYLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR LAST TEN FISCAL YEARS

	2022	2021	2020
Contractually Required Contribution	\$ 2,474,853	\$ 2,152,395	\$ 2,077,313
Contribution in Relation to the Contractually Required Contribution	(2,474,853)	(2,152,395)	(2,077,313)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 70,029,990	\$ 67,191,109	\$ 67,348,004
Contributions as a Percentage of Covered Payroll	3.53%	3.20%	3.08%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

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

	2019	2018	2017	2016	2015
\$	1,884,733	\$ 1,580,557	\$ 1,764,337	\$ 1,692,763	\$ 1,638,730
	(1,884,733)	(1,580,557)	(1,764,337)	(1,692,763)	(1,638,730)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	63,667,224	\$ 52,342,178	\$ 59,733,574	\$ 58,753,125	\$ 56,328,129
	2.96%	3.02%	2.95%	2.88%	2.91%



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

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.073475944%	0.075097833%	0.075722057%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 28,342,955	\$ 28,548,078	\$ 35,809,886
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	37,973,243	38,361,773	47,583,332
Total	<u>\$ 66,316,198</u>	<u>\$ 66,909,851</u>	<u>\$ 83,393,218</u>
District's Covered Payroll	\$ 67,289,299	\$ 67,936,378	\$ 63,696,089
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	42.12%	42.02%	56.22%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.18%	4.99%	2.66%

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

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

<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.076657764%	0.072085823%
\$ 38,275,923	\$ 31,347,420
52,506,786	45,889,160
<u>\$ 90,782,709</u>	<u>\$ 77,236,580</u>
\$ 62,609,369	\$ 59,733,574
61.13%	52.48%
1.57%	0.91%

SHARYLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE LAST TEN FISCAL YEARS

	2022	2021	2020
Contractually Required Contribution	\$ 614,237	\$ 573,336	\$ 564,240
Contribution in Relation to the Contractually Required Contribution	(614,237)	(573,336)	(564,240)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 70,029,990	\$ 67,191,109	\$ 67,348,004
Contributions as a Percentage of Covered Payroll	0.88%	0.85%	0.84%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

<hr/>	
2019	2018
<hr/>	<hr/>
\$ 535,369	\$ 443,946
(535,369)	(443,946)
<hr/>	<hr/>
\$ -	\$ -
<hr/> <hr/>	<hr/> <hr/>
\$ 63,667,224	\$ 52,342,178
0.84%	0.85%

## Sharyland Independent School District Notes to Required Supplementary Information

### **A. Budgets**

The official school original budget was prepared for adoption for required Governmental Fund Types by June 22, 2021. The budget was formally adopted by the Board of School Trustees at a duly advertised public meeting prior to the expenditure of funds. The Board also approved amendments throughout the year and the final amended budget by June 30th. Expenditures may not legally exceed budgeted appropriations at the function level. Annual budgets were adopted for the General Fund and the Debt Service Fund on a basis consistent with generally accepted accounting principles. The Debt Service Fund budget comparison schedule is presented in the Other Information section of the financial statements.

### **B. Encumbrances**

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30th, and encumbrances outstanding at the time are to be either cancelled or appropriately provided for in the subsequent year's budget.

### **C. Pension**

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

**Changes of Assumptions** – There have been no changes to the actuarial assumptions and methods since the prior valuation period.

### **D. Other Post-Employment Benefits:**

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

**Changes in assumptions** - The following are changes to the actuarial assumptions or other inputs that affected measurement of Total OBEB liability during the measurement period:

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



## OTHER INFORMATION



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

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2013 and prior years	Various	Various	\$ Various
2014	1.040000	0.115500	2,709,775,536
2015	1.170000	0.165500	2,711,846,739
2016	1.170000	0.205500	2,899,657,284
2017	1.170000	0.205500	3,095,956,202
2018	1.170000	0.205500	3,160,662,252
2019	1.170000	0.205500	3,229,002,272
2020	1.068400	0.230300	3,397,479,887
2021	1.049200	0.231600	3,498,163,661
2022 (School year under audit)	1.000900	0.158400	3,768,385,675
1000 TOTALS			

(10) Beginning Balance 7/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2022
\$ 710,747	\$ -	\$ 43,962	\$ 7,085	\$ (6,118)	\$ 653,582
67,949	-	9,085	897	(836)	57,131
81,409	-	12,471	1,764	(1,078)	66,096
111,648	-	14,828	2,098	(565)	94,157
172,886	-	20,690	3,634	(16,383)	132,179
195,831	-	46,836	8,226	(3,316)	137,453
302,235	-	89,533	15,726	17,603	214,579
519,168	-	202,216	43,589	(1,438)	271,925
1,412,959	-	732,560	161,705	(81,958)	436,736
-	42,944,037	36,414,479	5,762,867	558,545	1,325,236
<u>\$ 3,574,832</u>	<u>\$ 42,944,037</u>	<u>\$ 37,586,660</u>	<u>\$ 6,007,591</u>	<u>\$ 464,456</u>	<u>\$ 3,389,074</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,198,928	\$ 296,378	\$ 272,251	\$ (24,127)
5800 State Program Revenues	28,500	18,500	12,352	(6,148)
5900 Federal Program Revenues	4,815,113	7,214,964	7,231,560	16,596
5020 Total Revenues	6,042,541	7,529,842	7,516,163	(13,679)
EXPENDITURES:				
Current:				
0035 Food Services	5,836,541	8,774,114	6,615,756	2,158,358
0051 Facilities Maintenance and Operations	203,000	294,650	268,355	26,295
0052 Security and Monitoring Services	3,000	13,000	300	12,700
6030 Total Expenditures	6,042,541	9,081,764	6,884,411	2,197,353
1200 Net Change in Fund Balances	-	(1,551,922)	631,752	2,183,674
0100 Fund Balance - July 1 (Beginning)	2,319,973	2,319,973	2,319,973	-
3000 Fund Balance - June 30 (Ending)	\$ 2,319,973	\$ 768,051	\$ 2,951,725	\$ 2,183,674

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 5,839,222	\$ 5,985,000	\$ 6,108,657	\$ 123,657
5800 State Program Revenues	447,745	361,967	357,966	(4,001)
5020 Total Revenues	6,286,967	6,346,967	6,466,623	119,656
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	6,286,967	2,996,569	3,245,000	(248,431)
0072 Interest on Long-Term Liabilities	-	3,297,348	2,967,754	329,594
0073 Bond Issuance Cost and Fees	-	339,484	451,947	(112,463)
6030 Total Expenditures	6,286,967	6,633,401	6,664,701	(31,300)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(286,434)	(198,078)	88,356
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	26,540,000	26,540,000	-
7916 Premium or Discount on Issuance of Bonds	-	3,705,718	3,875,550	169,832
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(29,959,284)	(29,959,283)	1
7080 Total Other Financing Sources (Uses)	-	286,434	456,267	169,833
1200 Net Change in Fund Balances	-	-	258,189	258,189
0100 Fund Balance - July 1 (Beginning)	1,555,798	1,555,798	1,555,798	-
3000 Fund Balance - June 30 (Ending)	\$ 1,555,798	\$ 1,555,798	\$ 1,813,987	\$ 258,189

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

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**Section A: Compensatory Education Programs**

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<hr/>		
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
<hr/>		
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	9,212,574
<hr/>		
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	5,248,396
<hr/>		

**Section B: Bilingual Education Programs**

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
<hr/>		
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
<hr/>		
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	1,761,702
<hr/>		
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	894,987
<hr/>		

**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  
Sharyland 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, the business-type activities, the major fund, and the aggregate remaining fund information of the Sharyland Independent School District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2022.

**Report on 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. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

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

McAllen, Texas  
November 14, 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  
Sharyland Independent School District

**Report on Compliance for Each Major Federal Program**

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

We have audited the Sharyland Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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



### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

McAllen, Texas  
November 14, 2022

**Sharyland Independent School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

**Section I - Summary of Auditors' Results**

***Financial Statements***

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- a. Material weakness(es) identified?  yes  no
- b. Significant deficiency (ies) identified that are not considered to be material weaknesses?  yes  none reported
- c. Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

1. Type of auditors' report issued on compliance for major programs: Unmodified
2. Internal control over major programs:
- a. Material weakness(es) identified?  yes  no
- b. Significant deficiency (ies) identified that are not considered to be material weaknesses?  yes  none reported
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  yes  no

4. Identification of major programs:

Assistance Listing number (s)	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster (IDEA)
93.323	COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases
32.009	COVID-19 Emergency Connectivity Fund Program
84.425	COVID-19 Education Stabilization Fund (ESSER)

Dollar threshold used to distinguish between type A and type B programs: \$ 794,182

Auditee qualified as low-risk under 2CFR 200.520?  yes  no

**Sharyland Independent School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None noted that were required to be reported.

**Sharyland Independent School District  
Schedule of Findings and Questioned Costs  
Corrective Action Plan  
For the Year Ended June 30, 2022**

**Financial Statement Findings:**

None reported.

**Federal Award Findings:**

None reported.

**Sharyland Independent School District  
Schedule of Findings and Questioned Costs  
Status of Prior Year Findings  
For the Year Ended June 30, 2022**

**Financial Statement Findings**

None reported.

**Federal Award Findings and Questioned Costs**

None reported.

SHARYLAND ISD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Assistance Listing Number	(3) Pass-Through Entity Identifying Number	Pass Through to Subrecipients	(4) Federal Expenditures
<b>US DEPARTMENT OF AGRICULTURE</b>				
<u>Passed Through Texas Department of Agriculture</u>				
*SSO COVID-19 School Breakfast Program	10.553	NT4XL1YGLGC5	\$ -	\$ 1,674,026
Total Assistance Listing Number 10.553			-	1,674,026
*SSO COVID-19 National School Lunch Program	10.555	NT4XL1YGLGC5	-	4,744,882
*National School Lunch Program (Emergency Operational Costs (EOC) Reimbursement Prog. 2021)	10.555	NT4XL1YGLGC5	-	160,368
*National School Lunch Program (Supply Chain Assistance (SCA))	10.555	NT4XL1YGLGC5	-	128,330
Total Assistance Listing Number 10.555			-	5,033,580
Total Child Nutrition Cluster			-	6,707,606
*Commodity Supplemental Food Program - Non-Cash Assistance	10.565	NT4XL1YGLGC5	-	8,129
Total Food Distribution Cluster			-	8,129
Child & Adult Care Food Program	10.558	NT4XL1YGLGC5	-	510,012
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	NT4XL1YGLGC5	-	5,814
Total Passed Through Texas Department of Agriculture			-	7,231,561
<b>TOTAL US DEPARTMENT OF AGRICULTURE</b>			-	7,231,561
<b>US DEPARTMENT OF DEFENSE</b>				
<u>Direct Programs:</u>				
JUNIOR RESERVE OFFICER TRAINING CORPS	12.U01	108-911	-	83,687
<b>TOTAL US DEPARTMENT OF DEFENSE</b>			-	83,687
<b>US DEPARTMENT OF EDUCATION</b>				
<u>Passed Through Texas Department of Education</u>				
Title I Grants to Local Educational Agencies	84.010	20610101108911	-	17,367
Title I Grants to Local Educational Agencies	84.010	21610101108911	-	150,615
Title I Grants to Local Educational Agencies	84.010	22610101108911	-	2,348,129
Total Assistance Listing Number 84.010			-	2,516,111
Migrant Education - State Grant Program	84.011	20615001108911	-	5,118
Migrant Education - State Grant Program	84.011	21615001108911	-	12,925
Migrant Education - State Grant Program	84.011	22615001108911	-	62,629
Total Assistance Listing Number 84.011			-	80,672
*Special Education - Grants to States	84.027	206600011089116600	-	3,450
*Special Education - Grants to States	84.027	216600011089116600	-	71,260
*Special Education - Grants to States	84.027	226600011089116600	-	1,469,411
Total Assistance Listing Number 84.027			-	1,544,121
*Special Education - Preschool Grants	84.173	216610011089116610	-	3,592
*Special Education - Preschool Grants	84.173	226610011089116610	-	12,229
Total Assistance Listing Number 84.173			-	15,821
Total Special Education Cluster (IDEA)			-	1,559,942
Career and Technical Education - Basic Grants to States	84.048	21420006108911	-	413
Career and Technical Education - Basic Grants to States	84.048	22420006108911	-	115,372
Total Assistance Listing Number 84.048			-	115,785

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Assistance Listing Number	(3) Pass-Through Entity Identifying Number	(4) Pass Through to Subrecipients	(4) Federal Expenditures
English Language Acquisition State Grants	84.365	20671001108911	-	26,205
English Language Acquisition State Grants	84.365	22671001108911	-	249,903
Total Assistance Listing Number 84.365			-	276,108
Supporting Effective Instruction State Grants	84.367	20694501108911	-	42,661
Supporting Effective Instruction State Grants	84.367	21694501108911	-	20,119
Supporting Effective Instruction State Grants	84.367	22694501108911	-	307,858
Total Assistance Listing Number 84.367			-	370,638
Student Support and Academic Enrichment Program	84.424	20680101108911	-	77,755
Student Support and Academic Enrichment Program	84.424	21680101108911	-	10,527
Student Support and Academic Enrichment Program	84.424	22680101108911	-	194,745
Total Assistance Listing Number 84.424			-	283,027
COVID-19 Education Stabilization Fund - CRRSA ESSER II	84.425D	21521001108911	-	1,838,038
COVID-19 Education Stabilization Fund - CRRSA ESSER II (YR 2020-2021)	84.425D	21521001108911	-	2,850,262
Total Assistance Listing Number 84.425D			-	4,688,300
COVID-19 Education Stabilization Fund - ARP ESSER III	84.425U	21528001108911	-	7,869,572
Total Assistance Listing Number 84.425U			-	7,869,572
Total Assistance Listing Number 84.425			-	12,557,872
Total Passed Through Texas Department of Education			-	17,760,155
<u>Pass-Through Region One Education Service Center Programs:</u>				
Gaining Early Awareness & Readiness for Undergraduate Program (GEAR-UP)	84.334	P334A210014		38,233
Total Passed Through Region One Education Service Center			-	38,233
<b>TOTAL US DEPARTMENT OF EDUCATION</b>			-	17,798,388
<b>US DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>				
<u>Pass Through Texas Education Agency:</u>				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (School Health Support Grant)	93.323	39352201108911	-	376,597
<u>Pass Through Texas Health and Human Services:</u>				
COVID19 Epidemiology and Laboratory Capacity for Infectious Diseases (K-12 COVID-19 Testing Program) - Non-Cash Assistance	93.323	6NU50CK000501-02-06	-	37,500
Total Assistance Listing Number 93.323			-	414,097
<b>TOTAL US DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			-	414,097
<b>FEDERAL COMMUNICATIONS COMMISSION</b>				
<u>Direct Programs:</u>				
COVID-19 Emergency Connectivity Funds	32.009		-	945,000
<b>TOTAL FEDERAL COMMUNICATIONS COMMISSION</b>			-	945,000
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -	\$ 26,472,733

\*Clustered Programs



**Sharyland Independent School District**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Sharyland Independent School District. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Compliance Supplement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Reconciliation of Schedule of Expenditures of Federal Awards (Schedule K-1) to Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit C-3):

Total federal awards expended	\$	26,472,733
SHARS		1,362,409
Exhibit C-3	\$	27,835,142

**Note 3 - Indirect Cost Rate**

Sharyland Independent School District elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4 – Sub-Recipients**

During the year ended June 30, 2022, the District had no pass-through to sub-recipients.

**Note 5 – Federal Loans and Loan Guarantees**

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

**Note 6 – Federally Funded Insurance**

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

**Sharyland Independent School District**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

**Note 7 – Noncash Awards**

During the year ended June 30, 2022, the District received \$8,129 as non-cash assistance under the Commodity Supplemental Food Program and \$37,500 under Epidemiology and Laboratory Capacity for Infectious Diseases.

**Note 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.

**Note 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.



Required Communications for  
the Board of Trustees and Management of

**Sharyland Independent School District**

November 14, 2022

November 14, 2022

Board of Trustees and Management of  
Sharyland Independent School District

We are pleased to present the results of our audit of the financial statements of Sharyland Independent School District (the "District") for the year ended June 30, 2022.

This report to the Board of Trustees and management summarizes our audit, the report issued and various analyses and observations related to the District's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on the District's financial statements for the fiscal year ended June 30, 2022. We considered the District's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you, the District, expect. We received the full support and assistance of the District's personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the use of the Board of Trustees, District's management, and others within the District and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact Esmeralda Yniguez at 956-686-3701 or email [eyniguez@cricpa.com](mailto:eyniguez@cricpa.com).

Very truly yours,



Esmeralda Yniguez, CPA  
Partner



As discussed with management during our planning process and communicated to the Board of Trustees in our engagement letter dated February 14, 2022, our audit plan represented an approach responsive to the assessment of risk for the District. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Trustees, 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 and with the types of requirements described in the Uniform Guidance in order to express an opinion on the District's financial statements for the year ended June 30, 2022;
- 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*; and Uniform Guidance 2 CFR Part 200 in order to express an opinion on compliance with requirements applicable to each major federal program;
- Report on internal control over compliance with the types of compliance requirements described in Uniform Guidance 2CFR Part 200 and the OMB compliance Supplement;
- Communicate directly with the Board of Trustees and management regarding the results of our procedures;
- Address with the Board of Trustees and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Trustees and management; and
- Address other audit-related projects as they arise and upon request.



We have audited the financial statements of the District for the year ended June 30, 2022, and have issued our report thereon dated November 14, 2022. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Auditors' responsibility under Generally Accepted Auditing Standards (GAAS), Government Auditing Standards (GAGAS), and the Uniform Guidance</b></p>	<p>As stated in our engagement letter dated February 14, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP) and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>Required supplementary information, such as management's discussion and analysis, is required by generally accepted accounting principles and was subjected to certain limited procedures, but was not audited.</p> <p>As part of our audit, we considered the internal control of the District and internal controls related to major federal programs and an opinion on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have direct and material effect on each federal program in accordance with Title 2 U.S. <i>Code of Federal Regulations</i> (CFR) Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (the "Uniform Guidance"). Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>
<p><b>Client's responsibility</b></p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud. Management is responsible for overseeing nonaudit services by designating an individual, preferably from senior management, with</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
	suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.
<p><b>Planned scope and timing of the audit</b></p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p><b>Management judgments and accounting estimates</b></p> <p><i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors' conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."</p>
<p><b>Potential effect on the financial statements of any significant risks and exposures</b></p> <p><i>Major risks and exposures facing the District and how they are disclosed.</i></p>	<p>The most significant risks and exposure of the District are described in Note 12 "Risk Management" to the financial statements.</p>
<p><b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles</b></p> <ul style="list-style-type: none"> <li>• <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;</i></li> <li>• <i>The auditor should also discuss the auditors' judgment about the quality, not just the acceptability, of the District's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures;</i></li> <li>• <i>Critical accounting policies and practices applied by the District in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i></li> <li>• <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of</i></li> </ul>	<p>The significant accounting policies used by the District are described in Note 1 to the financial statements.</p> <p>New accounting policies were adopted during the fiscal year as a result of the following recently issued accounting pronouncement:</p> <ul style="list-style-type: none"> <li>• Statement No. 87, <i>Leases</i> (GASB 87)</li> <li>• Statement No. 92, <i>Omnibus 2020</i> (GASB 92)</li> </ul> <p>The adoption of GASB Statement No. 87 had no impact on beginning net position; although, the District recognized additional right-to-use assets and lease liabilities for \$287,000 respectively, as of July 1, 2021.</p> <p>The adoption of GASB Statement No. 92 had no impact on the financial statements.</p> <p>We noted no transactions entered into by the District during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><i>such alternative disclosures and treatments, and the treatment preferred by the auditor;</i></p> <ul style="list-style-type: none"> <li>• <i>Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The disclosure of deficit net position in Note 3 to the financial statements shows a negative unrestricted net position in the Governmental Activities Statement at year-end due mainly to the activity resulted from GASB Statement No. 75, <i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i>.</li> <li>• The disclosure of Long-Term Obligations in Note 10 to the financial statements outlines the District's outstanding debt and its ability to repay the debt as it becomes due.</li> </ul> <p>Further, the disclosures in the District's financial statements are neutral, consistent, and clear.</p>
<p><b>Significant difficulties encountered in the audit</b> <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
<p><b>Disagreements with management</b> <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial accounting, reporting, or auditing matter, that could be significant to the financial statements or the auditors' report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	<p>We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p><b>Other findings or issues</b> <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	<p>Refer to the Schedule of Findings and Questioned Costs included in the financial report package.</p>
<p><b>Matters arising from the audit that were discussed with, or the subject of correspondence with, management</b> <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	<p>None noted.</p>





MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Corrected and uncorrected misstatements</b>  <i>All significant audit adjustments arising from the audit, whether or not recorded by the District, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board of Trustees about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that contributed to the misstatements should be identified.</i></p>	<p>See "Summary of Audit Adjustments" section.</p>
<p><b>Major issues discussed with management prior to retention</b>  <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	<p>Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
<p><b>Consultations with other accountants</b>  <i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	<p>To our knowledge, there were no such consultations with other accountants.</p>
<p><b>Written representations</b>  <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	<p>See "Management Representation Letter" section.</p>
<p><b>Internal control deficiencies</b>  <i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</i></p>	<p>See "Management Communication Letter" section.</p>
<p><b>Fraud and illegal acts</b>  <i>Fraud involving senior management or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p>	<p>We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Supplementary Information in relation to the financial statements as a whole</b>  <i>The auditors' responsibility for supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i></p>	<p>We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>
<p><b>Significant unusual accounting transactions</b>  <i>Auditor communication with governance to include auditors' views on policies and practices management used, as well as the auditors' understanding of the business purpose.</i></p>	<p>No significant unusual accounting transactions were noted during the year.</p>
<p><b>Other information in documents containing audited financial statements</b>  <i>The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> <li>• Such information is materially inconsistent with the financial statements; and</li> <li>• We believe such information represents a material misstatement of fact.</li> </ul> <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>
<p><b>Required Supplementary Information</b>  <i>The auditors' responsibility for required supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i></p>	<p>We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>

## Accounting Policies, Judgments, and Sensitive Estimates and CRI Comments on Quality



We are required to communicate our judgments about the quality, not just the acceptability, of the District's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Board of Trustees and management may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITORS' CONCLUSIONS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Capital Assets – Depreciation	Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated capital assets are recorded at estimated fair value at the date of donation. A capitalization threshold of \$5,000 is used. Depreciation on all capital assets, excluding land and construction in progress, is calculated on the straight-line method over estimated useful lives.	X	Management's estimate of the annual depreciation expense is based on the useful life of the assets and their respective book values. We evaluated the key factors and assumptions used to develop the annual depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.	The District's policies are in accordance with all applicable accounting guidelines.

**Accounting Policies, Judgments, and Sensitive Estimates  
and CRI Comments on Quality**



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITORS' CONCLUSIONS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Claims Liabilities –Self-insured Worker’s Compensation and Health and Dental Insurance	The claims for worker’s compensation insurance and health and dental insurance liability, reported in the Internal Service Fund are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which 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.	X	Management’s estimate of claims for health insurance is based on historical trends’ factors of the claims paid during an established runoff period, considering stop loss coverage. For worker’s compensation, management uses estimates made by the actuary who uses claims paid, adjusters’ estimates for incurred but not reported claims, stop loss coverage, etc. We evaluated the key factors and assumptions used to develop the annual accruals in determining that they are reasonable in relation to the financial statements taken as a whole.	The District’s policies are in accordance with applicable accounting guidelines.

**Accounting Policies, Judgments, and Sensitive Estimates  
and CRI Comments on Quality**



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITORS' CONCLUSIONS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
<p>Pensions and Other Post-Employment Benefits – Net Pension/ OPEB Liability and related Deferred Outflows and Inflows of Resources</p>	<p>The District is a member employer of the Teacher Retirement System of Texas (TRS) pension plan. The fiduciary net position of the TRS plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension / OPEB 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.</p>	<p>X</p>	<p>According to state statute, contributions for all employers are actuarially determined each year and the total pension liability is determined based on an actuarial valuation as of the measurement date. The District records its proportionate share based on an actuarial valuation as of the measurement date.</p> <p>We evaluated the key factors and assumptions used to record the District's net pension liability, OPEB liability and related balances in determining that they are reasonable in relation to the financial statements taken as a whole.</p>	<p>Our procedures did not identify any instances of noncompliance with applicable accounting guidelines.</p>

**Accounting Policies, Judgments, and Sensitive Estimates  
and CRI Comments on Quality**



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITORS' CONCLUSIONS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Accounts Receivable – Allowance for Uncollectible Property Taxes	Management's estimate for the allowance for uncollectible property tax receivables is an average collection rate based on the historical experience in collecting property taxes over a 10 year period.	X	<p>Management's estimate for the allowance of uncollectible property taxes is based on percentages of historical collections of prior years' tax levies.</p> <p>We evaluated the key factors and assumptions used to develop the allowance for uncollectible accounts in determining that it is reasonable in relation to the financial statements taken as a whole.</p>	The District's policies are in accordance with applicable accounting guidelines.
Deferred inflow of resources – School Health and Related Services (SHARS)	Management's estimate for SHARS is estimated based on an average of prior years' collections.	X	<p>Management's estimate for SHARS is estimated based on an average of prior year's collections.</p> <p>We evaluated the key factors and assumptions used to develop the SHARS estimate in determining that it is reasonable to the financial statements as a whole.</p>	The District's policies are in accordance with applicable accounting guidelines.

**Accounting Policies, Judgments, and Sensitive Estimates  
and CRI Comments on Quality**



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITORS' CONCLUSIONS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Right-to-use lease assets and lease liabilities	The lease asset balance is measured at the amount of the initial measurement of the lease liability. The lease liability balance should be measured at the present value of payments expected to be made during the lease term.	X	Management's estimate for the initial measurement of lease assets and liabilities, amortization for right-to-use leased assets and lease payments based on lease agreements and amortizations prepared. We evaluated the key factors and assumptions used to develop the recording of right-to-use lease assets and right-to-use lease in determining that it is reasonable in relation to the financial statements taken as a whole.	The District's policies are in accordance with applicable accounting guidelines.



During the course of our audit, we accumulate differences between amounts recorded by the District and amounts that we believe are required to be recorded under GAAP reporting guidelines. Those adjustments are either recorded (corrected) by the District or passed (uncorrected). Uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in the auditors' judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

See "Summary of Audit Adjustments" on the next page for a summary of differences at June 30, 2022 corrected by management. Uncorrected adjustments noted in the audit are presented after the Management Representation letter.

### QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the District's operating environment that has been identified as playing a significant role in the District's operations or viability.
- Whether the difference affects the District's compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.





## ADJUSTING JOURNAL ENTRIES

Account	Debit	Credit
1 199-00-5829		\$ 37,500
199-33-6399	\$ 37,500	
To record testing kits received		



**SISD SUPERINTENDENT**

Dr. Maria M. Vidaurri

**BOARD OF TRUSTEES**

Hector Rivera – President

Jose "Pepe" Garcia – Vice President

Ricky Longoria – Secretary

Alejandro Rodriguez - Asst. Secretary

Maritza Esqueda – Member

David Keith – Member

Dr. Noe Oliveira – Member

1200 N. SHARY ROAD, MISSION, TX 78572 PHONE: 956-580-5200 FAX: 956-580-5229 WWW.SHARYLANDISD.ORG

November 14, 2022

Carr, Riggs, & Ingram, LLC  
4100 North 23<sup>rd</sup> Street  
McAllen, TX 78504

This representation letter is provided in connection with your audit of the financial statements of Sharyland Independent School District, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 14, 2022, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 14, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

*SISD does not discriminate on basis of race, color, national origin, gender, religion, age or disability in employment or provision of services, programs or activities.*

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- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance (if any), subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) We are in agreement and approve the fund level adjusting journal entries you have proposed, and they have been posted to the accounts. We are also in agreement and approve the government wide entries that are posted to the government wide financial statements.
- 9) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the school district is contingently liable, if any, have been properly recorded or disclosed.
- 12) The District has adopted GASB Statement No. 87, *Leases*; and therefore, right to use leased assets and lease liabilities were recognized restating beginning balances.

### Information Provided

- 13) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the school district from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 14) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 15) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 16) We have no knowledge of any fraud or suspected fraud that affects the school district and involves:
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 17) We have no knowledge of any allegations of fraud or suspected fraud affecting the school district's financial statements communicated by employees, former employees, regulators, or others.
- 18) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 19) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.



- 20) We have disclosed to you the names of the school district's related parties and all the related party relationships and transactions, including any side agreements.

### Government-specific

- 21) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 23) The school district has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 26) We have identified and disclosed to you all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 27) We have identified and disclosed to you all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively immaterial to the financial statements or other financial data significant to the audit objectives.
- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) As part of your audit, you assisted with preparation of the financial statements and disclosures and schedule of expenditures of federal awards, assisted with the preparation of GASB adjusting entries, and assisted with the preparation of the Texas Education Agency required Audit Data File. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, Jaime Ortega, Chief Financial Officer, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule expenditures of federal awards, assisted with the preparation of GASB adjusting entries, and assisted with the preparation of the Texas Education Agency required Audit Data File.
- 30) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 31) The school district made timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies.
- 32) The school district has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 33) The school district has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.





- 34) There are no component units or joint ventures with an equity interest that must be included in our financial statements.
- 35) The financial statements include all fiduciary activities required by [GASBS No. 84](#), as amended.
- 36) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#), as amended.
- 37) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 38) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 39) Investments are properly valued.
- 40) Provisions for uncollectible receivables have been properly identified and recorded.
- 41) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 42) Revenues are appropriately classified in the statement of activities within program revenues, general revenues.
- 43) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 44) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 45) Capital assets, including intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 46) We have appropriately disclosed the school district's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 47) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 48) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 49) With respect to the required supplementary information and other information:
  - a) We acknowledge our responsibility for presenting the required supplementary information and other information in accordance with accounting principles generally accepted in the United States of America, and we believe the fund statements and other statements, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b) If the required supplementary information and other information are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.



50) With respect to federal award programs:

- a) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
- b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditors' report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement* (including its Addendum), relating to federal awards and confirm that there were no amounts questioned and no known compliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.



- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have charged costs to federal awards in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- x) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature:

  
Maria Vidauri (Nov 14, 2022 10:07 CST)

Title: Superintendent

Signature:



Title: Chief Financial Officer





**AGGREGATE REMAINING FUND**

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	Financial Statement Effect—Amount of Over- (Under-) Statement of:						Change in Fund Balance/ Net Position
			Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position	Revenues	Expen.	
Amount for allowance for uncollectible property taxes for fund 599	J	Due to calculation for estimate of allowance	-21,167	-21,167					0
Amount of unexpired test kits at year-end not booked	F	Due to District Lead Nurse received test kits which were not booked by Finance	-17,213	-17,213					0
For Fund 753 the District did not review lag report for September and October 2022. Per the report, \$159,947 should have been recorded as a liability and expensed in the current audit year.	Factual	The District received lag report for September 2021 at the beginning of October 2021.		-159,947		159,947		-159,947	159,947

**GOVERNMENT WIDE**

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	Financial Statement Effect—Amount of Over- (Under-) Statement of:						Change in Fund Balance/ Net Position
			Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position	Revenues	Expen.	
For Fund 770 the District did not amortize and capitalizie two months of insurance premium for excess workers compensation. \$16,499 should have been recorded as a prepaid asset and not in expenditures.	Factual	The District's policies did not include a review of insurance policies to determine if any months covered are outside the fiscal year-end.	-16,499			-16,499		16,499	16,499
For Fund 753 the District did not review lag report for September and October 2022. Per the report, \$159,947 should have been recorded as a liability and expensed in the current audit year. Amount for allowance for uncollectible property taxes for fund 599	Factual	The District received lag report for September 2021 at the beginning of October 2021.		-159,947		159,947		-159,947	159,947
Amount for allowance for uncollectible property taxes for fund 599	J	Due to calculation for estimate of allowance	-21,167	-21,167					0
Amount of unexpired test kits at year-end not booked	F	Due to District Lead Nurse received test kits which were not	-17,213	-17,213					0



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To the Board of Trustees and Management of  
Sharyland Independent School District  
Mission, Texas

In planning and performing our audit of the financial statements the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Sharyland Independent School District (the “District”) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, 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 opinion 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 District’s financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. We included the accompanying chart of internal control recommendations for management’s consideration. This letter does not affect our report, dated, November 14, 2022, on the financial statements of Sharyland Independent School District.



This communication is intended solely for the information and use of the Board of Trustees and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

McAllen, Texas  
November 14, 2022



The following legend should be used in conjunction with reviewing the “Rating” of each of the identified internal control items:

<b>IP = Improvement Point</b>	<b>D = Control Deficiency</b>	<b>SD = Significant Deficiency</b>	<b>MW = Material Weakness</b>
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<b>CONTROL NUMBER</b>	<b>RATING</b>	<b>AREA</b>	<b>ITEM NOTED</b>	<b>SUGGESTION</b>
2022-001	IP	Budget	Actual revenues and expenditures in some accounts were over/under approved budget amounts.	The District should periodically review budget to actual and amend as necessary.
2022-002	D	State Compliance - Mandated Program	The District did not spend the required percentage of allotment for PIC Code 25 (Bilingual Program), PIC Code 36 (Early Education), and PIC Code 37 (Dyslexia Program). As a result, the District will need to rely on indirect costs to compensate for shortage when the reporting requirements become due.	The District should monitor spending in all mandated programs to ensure State compliance.
2022-003	D	Compliance – Reporting Requirements	No controls were identified to ensure that the District was in compliance with the vendor reporting and tests received reporting requirements under the K-12 COVID-19 Testing Program. As a result, two instances of noncompliance were identified during the audit.	The District should ensure all grant programs entered into are communicated to the Federal Programs Director and Finance Department to ensure that the District is in compliance with all compliance requirements.
2022-004	D	Federal Revenues and SEFA	The District did not record non-cash federal awards (\$37,500) for the K-12 COVID-19 Testing Project under the Epidemiology and Laboratory Capacity for Infectious Diseases program. As a result, the SEFA and the financial statements were misstated.	The District should ensure that all grants awarded to the District, including non-cash assistance, are communicated to the Finance Department to ensure that the appropriate amounts are recorded.