

**BANQUETE  
INDEPENDENT  
SCHOOL DISTRICT**



Annual Financial Report  
For the fiscal year ended  
August 31, 2022

**Raul Hernandez & Company, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

5402 Holly Rd. Suite 102 Corpus Christi, TX 78411 Office: (361) 980-0428 Fax: (361) 980-1002

**BANQUETE INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT FOR THE**  
**YEAR ENDED AUGUST 31, 2022**



BANQUETE INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2022

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## CERTIFICATE OF BOARD

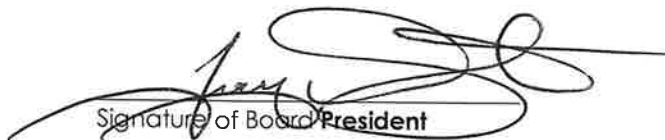
BANQUETE INDEPENDENT SCHOOL DISTRICT  
Name of School District

NUECES  
County

178-913  
Co./Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2022, at a meeting of the Board of Trustees of such school district on the 22<sup>nd</sup> day of February 2023.

  
Signature of Board **Secretary**

  
Signature of Board **President**

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

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**Raul Hernandez & Company, P.C.**  
Certified Public Accountants  
5402 Holly Rd, Suite 102  
Corpus Christi, Texas 78411  
Office (361)980-0482 Fax (361)980-1002

## **INDEPENDENT AUDITORS' REPORT**

Banquete Independent School District  
4339 4<sup>th</sup> Street  
Banquete, Texas 78339

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Banquete Independent School District (the "District"), as of and for the year ended August 31, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Banquete 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 opinion.

#### ***Emphasis of Matter – Change of Accounting Principle***

As discussed in the notes to the financial statements, in the year ending August 31, 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.



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

The District's 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 due date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 combining statements, required TEA schedules, and the Schedule of Expenditures of Federal Awards, as required by audit 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), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, required TEA schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, required TEA schedules, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 District's internal control over financial reporting and compliance.

*Raul Hernandez & Company, P.C.*

Corpus Christi, Texas  
February 21, 2023

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## **BANQUETE INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Banquete Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2022. Please read it in conjunction with the independent auditors' report on page 1, and the District's Basic Financial Statements, which begin on page 9.

### **FINANCIAL HIGHLIGHTS**

The District's financial position of governmental activities increased to \$9,981,013.

During the year, the District had tax revenues of \$6,867,166 for general purposes and \$2,135,198 for debt service. In addition, the District generated \$3,889,701 in grant and contribution revenues.

The General Fund ended the year with a fund balance of \$4,251,355, which is an increase of \$1,063,391 from the prior year. The Debt Service ended the year with a fund balance of \$838,130, which represents a \$20,611 increase from the prior year.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Financial Position and the Statement of Activities on pages 10 and 11. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements starting on page 12 report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements starting on page 23 provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

### **Reporting the District as a Whole**

#### ***The Statement of Financial Position and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the District is better off or worse off as a result of the year's

activities. The Statement of Financial Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities of disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's financial position and changes in them. The District's financial position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's financial position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Financial Position and the Statement of Activities, we present the District's one kind of activity:

**Governmental activities**—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

**Business-type activities**—The District has no business-type activities currently.

## **Reporting the District's Most Significant Funds**

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

The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

**Governmental funds**—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Financial Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Financial Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs.

## The District as Trustee

### *Reporting the District's Fiduciary Responsibilities*

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Financial position. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District implemented GASB Statement #34 in 2002. We have presented both current and prior year data and will discuss significant changes in the accounts. Our analysis focuses on the financial position (Table I) and changes in financial position (Table II) of the District's governmental activities.

Financial Position of the District's governmental activities increased from \$6,414,869 to \$9,981,013. Unrestricted financial position – the part of financial position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$945,838) at August 31, 2022, as opposed to (\$2,160,186) in the prior year.

**Table 1**  
**Financial Position**  
**Governmental**  
**Activities**

	2022	2021	Change
<b>ASSETS</b>			
Current and other assets	\$ 7,330,957	\$ 7,524,116	\$ (193,159)
Capital assets	15,743,773	15,608,533	135,240
Total assets	23,074,730	23,132,649	(57,919)
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge for Refunding	829,083	838,224	(9,141)
Deferred Outflow Related to TRS Pension	1,061,659	1,289,889	(228,230)
Deferred Outflow Related to TRS OPEB	1,065,328	919,691	145,637
Total Deferred Outflows of Resources	2,956,070	3,047,804	(91,734)
<b>LIABILITIES</b>			
Current liabilities	2,977,246	4,167,956	(1,190,710)
Noncurrent liabilities	9,332,142	12,803,797	(3,471,655)
Total liabilities	12,309,388	16,971,753	(4,662,365)
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflow Related to TRS Pension	1,367,117	364,290	1,002,827
Deferred Inflow Related to TRS OPEB	2,373,283	2,429,540	(56,257)
Total Deferred Inflows of Resources	3,740,400	2,793,830	946,570
<b>NET POSITION</b>			
Invested in capital assets net of related debt	9,353,214	7,061,228	2,291,986
Restricted	1,573,637	1,513,827	59,810
Unrestricted	(945,838)	(2,160,186)	1,214,348
Total net position	\$ 9,981,013	\$ 6,414,869	\$ 3,566,144



Table II

	Governmental Activities 2022	Governmental Activities 2021	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 257,222	\$ 333,461	\$ (76,239)
Operating grants and contributions	2,992,064	1,213,756	1,778,308
General Revenues:			
Maintenance and operations taxes	6,867,166	6,342,042	525,124
Debt service taxes	2,135,198	2,262,553	(127,355)
Grants and Contributions not restricted to specific functions	3,889,701	4,094,818	(205,117)
Investment Earnings	29,553	3,385	26,168
Misc Local and Intermediate Revenue	101,488	58,659	42,829
Total Revenue	<u>16,272,392</u>	<u>14,308,673</u>	<u>1,963,719</u>
Expenses:			
Instruction, curriculum and media services	7,151,387	7,228,891	(77,504)
Instructional and school leadership	677,717	1,179,050	(501,333)
Student support services	793,055	449,847	343,208
Child nutrition	759,477	575,601	183,876
Extracurricular activities	519,771	543,161	(23,390)
General administration	808,909	802,146	6,763
Plant maintenance, security & data processing	1,803,379	1,944,410	(141,031)
Community services	9,303	2,366	6,937
Debt Services	172,352	391,193	(218,841)
Total Expenses	<u>12,695,350</u>	<u>13,116,665</u>	<u>(421,315)</u>
Increase in net position before transfers and special items	3,577,042	1,192,008	2,385,034
Special Item	-	(350,331)	350,331
Net Position at 9/1/19	6,414,869	5,573,191	841,678
Prior Period Adjustment	(10,898)		
Net Position at 8/31/20	<u>\$ 9,981,013</u>	<u>\$ 6,414,869</u>	<u>\$ 3,566,144</u>

The District's total revenues increased by \$1,963,719 and the District's expenditures decreased by (\$421,315) over the prior year. Adjustments relating to OPEB expense resulted in a change to several functions.

The District property tax rate decreased to \$1.35703 from the previous year, while the District's tax revenues had an net increase by approximately \$397,769 in 2022.

The cost of all governmental activities for the year was \$12,695,348, as opposed to \$13,116,665, in the previous year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$6,867,166 because some of the costs were paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions.

## **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet) reported a combined fund surplus of \$5,795,018 as opposed to a fund balance of \$4,696,548 from the previous year.

The capital expenditures reduce available fund balances, but they also create new assets for the District as reported in the Statement of Financial Position and as discussed in the Footnotes to the financial statements.

Over the course of the year, the Board of Trustees revised the District's budget. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances. The second category includes changes that the Board made during the last month of the fiscal year. There were no major amendments to the original budgets.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2022, the District had approximately \$32 million invested in a broad range of capital assets, including land, buildings, furniture & equipment, and capital leases. This year's major additions included:

	2022	2021
Land	\$ 357,964	\$ 357,964
Buildings and Improvements	22,695,846	22,695,846
Furniture and Equipment	4,312,010	4,071,119
Construction in Progress	4,563,007	4,262,945
Right to Use Asset	164,100	-
Totals at Historical Cost	<u>32,092,927</u>	<u>31,387,874</u>
Accumulated Depreciation	<u>(16,349,154)</u>	<u>(15,779,341)</u>
Total Capital Assets (Net)	<u>\$ 15,743,773</u>	<u>\$ 15,608,533</u>

More detailed information about the District's capital assets is presented in Note F (page 34) to the financial statements.

### **Debt**

At year-end, the District had \$7.1M in bonds and other long-term debt outstanding

More detailed information about the District's long-term liabilities is presented in Note G (page 35) of the notes to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal-year 2023 budget, tax rates. One of those factors is the economy. The District is located in a "low-income" area, as evidenced by the number of students on "Free and Reduced-Price" meals (approximately 68 percent). The district started on CEP Program in 2019-2021, which allows all students (no matter income) to receive free breakfast and lunch.

The District's Board of Trustees set the 2022-2023 tax rate at \$1.27250. The District's appraised/assessed property value was \$740,422,310 for 2023, which was an increase compared to the previous year. The District's property tax revenue is projected to experience a moderate increase.

These indicators were taken into account when adopting the General Fund budget for 2023. Amounts available for appropriation in the General Fund budget are \$10,901,174. The District will use its revenues to finance programs we currently offer. The District has added no major new programs or initiatives to the 2023 budget.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

BANQUETE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2022

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ (68,365)
1120 Current Investments	4,153,909
1220 Property Taxes - Delinquent	1,147,211
1230 Allowance for Uncollectible Taxes	(229,442)
1240 Due from Other Governments	2,212,143
1267 Due from Fiduciary Funds	51,408
1410 Prepayments	64,093
Capital Assets:	
1510 Land	357,964
1520 Buildings, Net	10,241,990
1530 Furniture and Equipment, Net	501,497
1550 Right-to-Use Leased Assets, Net	79,315
1580 Construction in Progress	4,563,007
1000 Total Assets	23,074,730
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	829,083
1705 Deferred Outflow Related to TRS Pension	1,061,659
1706 Deferred Outflow Related to TRS OPEB	1,065,328
1700 Total Deferred Outflows of Resources	2,956,070
<b>LIABILITIES</b>	
2110 Accounts Payable	10,067
2140 Interest Payable	8,991
2160 Accrued Wages Payable	397,515
2177 Due to Fiduciary Funds	204,051
2300 Unearned Revenue	6,537
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	2,350,085
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	4,802,064
2540 Net Pension Liability (District's Share)	1,252,053
2545 Net OPEB Liability (District's Share)	3,278,025
2000 Total Liabilities	12,309,388
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	1,367,117
2606 Deferred Inflow Related to TRS OPEB	2,373,283
2600 Total Deferred Inflows of Resources	3,740,400
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	9,353,214
Restricted:	
3820 Restricted for Federal and State Programs	396,279
3850 Restricted for Debt Service	838,130
3860 Restricted for Capital Projects	339,228
3900 Unrestricted	(945,838)
3000 Total Net Position	\$ 9,981,013

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

BANQUETE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT B-1

Data Control Codes	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	1	3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	
				6 Primary Gov. Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 6,888,946	\$ 73,790	\$ 2,084,958	\$ (4,730,198)
12 Instructional Resources and Media Services	68,744	-	711	(68,033)
13 Curriculum and Instructional Staff Development	193,697	-	17,430	(176,267)
21 Instructional Leadership	1,120	-	700	(420)
23 School Leadership	676,597	-	18,705	(657,892)
31 Guidance, Counseling, and Evaluation Services	310,484	-	7,235	(303,249)
33 Health Services	93,628	-	705	(92,923)
34 Student (Pupil) Transportation	388,943	-	3,226	(385,717)
35 Food Services	759,477	124,996	797,092	162,611
36 Extracurricular Activities	519,771	42,761	-	(477,010)
41 General Administration	808,909	-	21,766	(787,143)
51 Facilities Maintenance and Operations	1,581,862	15,675	28,209	(1,537,978)
53 Data Processing Services	221,517	-	3,464	(218,053)
61 Community Services	9,303	-	7,863	(1,440)
72 Debt Service - Interest on Long-Term Debt	171,603	-	-	(171,603)
73 Debt Service - Bond Issuance Cost and Fees	749	-	-	(749)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 12,695,350	\$ 257,222	\$ 2,992,064	(9,446,064)
General Revenues:				
Taxes:				
MT Property Taxes, Levied for General Purposes				6,867,166
DT Property Taxes, Levied for Debt Service				2,135,198
GC Grants and Contributions not Restricted				3,889,701
IE Investment Earnings				29,553
MI Miscellaneous Local and Intermediate Revenue				101,488
TR Total General Revenues				13,023,106
CN Change in Net Position				3,577,042
NB Net Position - Beginning				6,414,869
PA Prior Period Adjustment				(10,898)
NE Net Position - Ending				\$ 9,981,013

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

BANQUETE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2022

Data Control Codes	10 General Fund	281 CRRSA ESSER II Fund	State Instructional Materials
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ (175,901)	\$ -	\$ 12,020
1120 Investments - Current	3,121,965	-	-
1220 Property Taxes - Delinquent	788,461	-	-
1230 Allowance for Uncollectible Taxes	(157,692)	-	-
1240 Due from Other Governments	688,519	701,064	429,493
1260 Due from Other Funds	1,288,465	-	256,617
1410 Prepayments	63,771	-	-
1000 Total Assets	<u>\$ 5,617,588</u>	<u>\$ 701,064</u>	<u>\$ 698,130</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 2,934	\$ -	\$ -
2160 Accrued Wages Payable	397,515	-	-
2170 Due to Other Funds	335,015	701,064	411,413
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>735,464</u>	<u>701,064</u>	<u>411,413</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	<u>630,769</u>	<u>-</u>	<u>-</u>
2600 Total Deferred Inflows of Resources	<u>630,769</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	286,717
3480 Retirement of Long-Term Debt	-	-	-
Committed Fund Balance:			
3510 Construction	-	-	-
3600 Unassigned Fund Balance	4,251,355	-	-
3000 Total Fund Balances	<u>4,251,355</u>	<u>-</u>	<u>286,717</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 5,617,588</u>	<u>\$ 701,064</u>	<u>\$ 698,130</u>

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

50 Debt Service Fund	Other Funds	Total Governmental Funds
\$ 18,459	\$ 77,057	\$ (68,365)
688,707	343,237	4,153,909
358,750	-	1,147,211
(71,750)	-	(229,442)
-	393,067	2,212,143
130,964	68,173	1,744,219
-	322	64,093
<u>\$ 1,125,130</u>	<u>\$ 881,856</u>	<u>\$ 9,023,768</u>
\$ -	\$ 7,133	\$ 10,067
-	-	397,515
-	449,370	1,896,862
-	6,537	6,537
<u>-</u>	<u>463,040</u>	<u>2,310,981</u>
287,000	-	917,769
<u>287,000</u>	<u>-</u>	<u>917,769</u>
-	109,562	396,279
838,130	-	838,130
-	339,228	339,228
-	(29,974)	4,221,381
<u>838,130</u>	<u>418,816</u>	<u>5,795,018</u>
<u>\$ 1,125,130</u>	<u>\$ 881,856</u>	<u>\$ 9,023,768</u>



BANQUETE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2022

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 5,795,018</b>
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.	-
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$31,387,874 and the accumulated depreciation was (\$15,779,340). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.	7,114,593
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2022 capital outlays and debt principal payments is to decrease net position.	2,782,153
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. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$1,061,659, a Deferred Resource Inflow in the amount of \$1,367,117 and a net pension liability in the amount of \$1,252,053.	(1,557,511)
5 The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of \$3,278,025, a deferred outflow of \$1,065,328 and a deferred inflow of \$2,373,283.	(4,585,980)
6 The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(485,029)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	917,769
<b>19 Net Position of Governmental Activities</b>	<b>\$ 9,981,013</b>

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

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BANQUETE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	10 General Fund	281 CRRSA ESSER II Fund	State Instructional Materials
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 7,048,268	\$ -	\$ -
5800 State Program Revenues	4,512,266	-	96,150
5900 Federal Program Revenues	183,644	701,064	-
5020 Total Revenues	11,744,178	701,064	96,150
EXPENDITURES:			
Current:			
0011 Instruction	5,284,654	701,064	119,461
0012 Instructional Resources and Media Services	68,567	-	-
0013 Curriculum and Instructional Staff Development	179,330	-	-
0021 Instructional Leadership	420	-	-
0023 School Leadership	701,269	-	-
0031 Guidance, Counseling, and Evaluation Services	318,993	-	-
0033 Health Services	95,516	-	-
0034 Student (Pupil) Transportation	484,082	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	526,078	-	-
0041 General Administration	798,220	-	-
0051 Facilities Maintenance and Operations	1,507,718	-	-
0053 Data Processing Services	230,938	-	-
0061 Community Services	2,041	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	266,425	-	-
0072 Interest on Long-Term Liabilities	29,023	-	-
0073 Bond Issuance Cost and Fees	-	-	-
6030 Total Expenditures	10,493,274	701,064	119,461
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,250,904	-	(23,311)
OTHER FINANCING SOURCES (USES):			
7914 Non-Current Loans	164,100	-	-
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	(351,613)	-	-
7080 Total Other Financing Sources (Uses)	(187,513)	-	-
1200 Net Change in Fund Balances	1,063,391	-	(23,311)
0100 Fund Balance - September 1 (Beginning)	3,187,964	-	310,028
3000 Fund Balance - August 31 (Ending)	\$ 4,251,355	\$ -	\$ 286,717

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

50 Debt Service Fund		Other Funds	Total Governmental Funds
\$	2,167,171	\$ 125,015	\$ 9,340,454
	15,260	34,113	4,657,789
	-	2,031,161	2,915,869
	2,182,431	2,190,289	16,914,112
	-	1,296,955	7,402,134
	-	711	69,278
	-	17,430	196,760
	-	700	1,120
	-	18,705	719,974
	-	7,235	326,228
	-	705	96,221
	-	3,226	487,308
	-	797,092	797,092
	-	-	526,078
	-	21,766	819,986
	-	328,271	1,835,989
	-	3,464	234,402
	-	7,863	9,904
	1,955,000	-	2,221,425
	206,071	-	235,094
	749	-	749
	2,161,820	2,504,123	15,979,742
	20,611	(313,834)	934,370
	-	-	164,100
	-	351,613	351,613
	-	-	(351,613)
	-	351,613	164,100
	20,611	37,779	1,098,470
	817,519	381,037	4,696,548
\$	838,130	\$ 418,816	\$ 5,795,018

BANQUETE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 1,098,470</b>
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.	-
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 decrease net position.	2,793,050
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(485,029)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	50,190
Current year changes due to GASB 68 are contributions made after the measurement date of the plan caused the change in ending net position to increase by \$226,365. 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 \$197,608. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$4,888.	23,869
Current year changes due to GASB 75 are contributions made after the measurement date of the plan caused the change in ending net position to increase by \$66,995. 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 \$74,885. Finally, the proportionate share of the OPEB expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$(104,379).	96,489
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 3,577,042</b>

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

BANQUETE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2022

EXHIBIT D-1

	Governmental Activities -
	Internal Service Fund
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 42,707
Investments - Current	35,945
	<hr/>
Total Assets	78,652
	<hr/>
LIABILITIES	
Current Liabilities:	
Accounts Payable	39,296
	<hr/>
Total Liabilities	39,296
	<hr/>
NET POSITION	
Unrestricted Net Position	39,356
	<hr/>
Total Net Position	\$ 39,356
	<hr/> <hr/>

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

BANQUETE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2022

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 172
Total Operating Revenues	172
Operating Income	172
Total Net Position - September 1 (Beginning)	39,184
Total Net Position - August 31 (Ending)	\$ 39,356

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

BANQUETE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
Net Increase in Cash and Cash Equivalents	4,487
Cash and Cash Equivalents at Beginning of Year	74,165
Cash and Cash Equivalents at End of Year	\$ 78,652
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 172
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	4,315
Net Cash Provided by Operating Activities	\$ 4,487

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



BANQUETE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2022

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 297,374
Due from Other Funds	<u>204,812</u>
Total Assets	<u>502,186</u>
LIABILITIES	
Payroll Deductions and Withholdings Payable	277,416
Due to Other Funds	<u>52,169</u>
Total Liabilities	<u>329,585</u>
NET POSITION	
Unrestricted Net Position	<u>172,601</u>
Total Net Position	<u><u>\$ 172,601</u></u>

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

BANQUETE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2022

	Custodial Fund
<b>ADDITIONS:</b>	
Miscellaneous Revenue - Student	\$ 313,476
Total Additions	<u>313,476</u>
<b>DEDUCTIONS:</b>	
Other Deductions	<u>290,694</u>
Total Deductions	<u>290,694</u>
Change in Fiduciary Net Position	22,782
 Total Net Position - September 1 (Beginning)	 -
Prior Period Adjustment	<u>149,819</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 172,601</u></u>

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

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## **NOTES TO THE FINANCIAL STATEMENTS**

Banquete Independent School District  
Notes to the Financial Statements  
Year ended August 31, 2022

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Banquete Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

**A. REPORTING ENTITY**

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity. There are no component units included within the reporting entity.

**Pensions.** The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net position liability, deferred outflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all the Banquete Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds, and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Assets as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

Banquete Independent School District  
Notes to the Financial Statements  
Year ended August 31, 2022

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

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

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

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

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

Banquete Independent School District  
Notes to the Financial Statements  
Year ended August 31, 2022

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)**

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

**D. FUND ACCOUNTING**

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.
4. **Special Revenue Fund – ESSER II, State Instructional Materials** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The fund is State Instructional Materials.

Additionally, the District reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Permanent Funds** – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

Proprietary Funds:

3. **Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District's has no Enterprise Funds.

Banquete Independent School District  
Notes to the Financial Statements  
Year ended August 31, 2022

**D. FUND ACCOUNTING (continued)**

4. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund is the "Worker's Compensation Self Insurance Fund".

Fiduciary Funds:

5. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has no Private Purpose Trust Fund.
6. **Custodial Funds:** The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as an agent for student and other organizations. These funds were previously reported in an agency fund. This change resulted in reporting the detail of additions to and deductions from custodial funds causing a change in the fund net position whereas these details were not reported for agency funds. This change is a result of the implementation of GASB 84. The District's Custodial Funds are the Tax Office Fund, Payroll Clearing Fund, and the Student Activity Funds. These funds did not require an Statement of Changes Fiduciary Fund-Net Position (Exhibit E-2).
7. **Other Special Revenue Funds:** The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

**E. OTHER ACCOUNTING POLICIES**

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.



Banquete Independent School District  
Notes to the Financial Statements  
Year ended August 31, 2022

**E. OTHER ACCOUNTING POLICIES (continued)**

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building	20
Improvements	
Infrastructure	50
Vehicles	5
Office Equipment	5
Computer Equipment	5

6. Beginning in fiscal year 1993, the District established a Worker's Compensation Self-Insurance Plan for District employees. The plan covers all employees of the District. Individual claims exceeding \$150,000 and aggregate claims exceeding \$1,000,000 per year are covered by a private insurance carrier. The District established an Internal Service Fund to account for this plan.

Banquete Independent School District  
Notes to the Financial Statements  
Year ended August 31, 2022

**E. OTHER ACCOUNTING POLICIES (continued)**

**7. Fund balances of the governmental funds are classified as follows:**

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District’s governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints of their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund’s primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**8. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.**

Banquete Independent School District  
Notes to the Financial Statements  
Year ended August 31, 2022

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Enterprise Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit J-4 and the other report is Exhibit J-5.

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

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

August 31, 2022	
<u>Fund Balance</u>	
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 614,539
Nonappropriated Budget Funds	<u>3,244,805</u>
All Special Revenue Funds	<u><u>\$ 3,859,344</u></u>

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The District had excess of expenditures over appropriations:

**General Fund:**

Function 13 - (\$13,331)	Function 51 - (\$304,918)
Function 21 - (\$420)	Function 53 - (\$10,784)
Function 23 - (\$20,613)	Function 71 - (\$266,425)
Function 33 - (\$3,754)	Function 72 - (\$29,023)
Function 34 - (\$136,481)	Function 81 - (\$1,726)
Function 41 - (\$144,131)	

The General Fund total expenditures exceeded appropriations by (\$34,520).

**Child Nutrition Fund:** Function 35 - (\$173,576)

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

**C. DEFICIT FUND EQUITY**

There had one Fund Equity Deficit in Other State Special Revenues (Fund 429) in the amount of (\$29,974).

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. DEPOSITS AND INVESTMENTS**

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. 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.

At August 31, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,461,570 and the bank balance was \$4,287,931. The District's cash deposits at August 31, 2022 and during the year ended August 31, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: Plains Capital Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$2,283,900.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$2,058,835 and occurred during the month of October, 2022.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

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

The Public Funds Investment Act ("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 practice, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

Banquete Independent School District  
Notes to the Financial Statements  
Year ended August 31, 2022

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

The District's temporary investments at August 31, 2022, are shown below:

Name	Carrying Amount	Market Value
TEXPOOL-MMA	\$ 1,472	\$ 1,472
LONESTAR INV. POOL	1,065	1,065
TEXAS TERM	4,187,317	4,187,317
	<u>\$ 4,189,854</u>	<u>\$ 4,189,854</u>

**1. Analysis of Specific Deposit and Investment Risks**

GASB Statement no. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

**a. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end the District was not significantly exposed to credit risk.

**b. Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institutions, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

**c. Concentration of Credit Risk**

This is the risk that in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to concentration of credit risk.

**d. Interest Rate Risk**

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

Banquete Independent School District  
Notes to the Financial Statements  
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**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**e. Foreign Currency Risk**

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

**Investment Accounting Policy**

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**Public Funds Investment Pools**

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code. 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.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**B. PROPERTY TAXES**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

**C. DELINQUENT TAXES RECEIVABLE**

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

Banquete Independent School District  
Notes to the Financial Statements  
Year ended August 31, 2022

**D. INTERFUND BALANCES AND ACTIVITIES**

Interfund balances at August 31, 2022 consisted of the following individual fund balances:

	Due From Other Funds	Due To Other Funds
General Fund:		
Special Revenue Fund	\$ 1,239,522	\$ 321,564
Debt Service Fund	-	130,964
Capital Projects Fund	-	-
Trust & Agency	52,169	204,812
Total General Fund	<u>1,291,691</u>	<u>657,340</u>
Special Revenue Fund:		
General Fund	<u>321,564</u>	<u>1,239,522</u>
Total Special Revenue Fund	<u>321,564</u>	<u>1,239,522</u>
Agency Fund		
General Fund	<u>204,812</u>	<u>52,169</u>
	204,812	52,169
Debt Service Fund		
General Fund	<u>130,964</u>	<u>-</u>
TOTAL	<u><u>\$ 1,949,031</u></u>	<u><u>\$ 1,949,031</u></u>

Transfers to and Transfers from other funds at August 31, 2022, consisted of the following:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Projects Fund	\$ 351,613	Supplement Other Funds
		<u>\$ 351,613</u>	

**E. FUND BALANCES**

The District has nonspendable, restricted, committed and unassigned fund balance as follows.

Description	Amount
Restricted Fund Balances:	
Federal/State Funds Grant Restrictions	396,279
Retirement of Long Term Debt	<u>838,130</u>
	1,234,409
Committed Fund Balance:	
Construction	<u>339,228</u>
	339,228
Unassigned:	
Unassigned	<u>4,221,381</u>
Total Fund Balance	<u><u>\$ 5,795,018</u></u>

Banquete Independent School District  
Notes to the Financial Statements  
Year ended August 31, 2022

**F. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended August 31, 2022, was as follows:

	Primary Government				
	Beginning Balance	Additions	Retirement	Adjustments	Ending Balance
Governmental Activities:					
Land	\$ 357,964	\$ -	\$ -	\$ -	\$ 357,964
Buildings and Improvements	22,695,846	-	-	-	22,695,846
Furniture and Equipment	4,071,117	240,893	-	-	4,312,010
Construction in Progress	4,262,945	300,062	-	-	4,563,007
Right to Use Asset	-	164,100	-	-	164,100
Totals at Historic Cost	<u>31,387,872</u>	<u>705,055</u>	<u>-</u>	<u>-</u>	<u>32,092,927</u>
Less Accumulated					
Depreciation for:					
Buildings and Improvements	(12,061,897)	(391,959)	-	-	(12,453,856)
Furniture and Equipment	(3,717,443)	(93,070)	-	-	(3,810,513)
Right to Use Asset	-	(32,820)	-	(51,965)	(84,785)
Total Accumulated	<u>-</u>	<u>(32,820)</u>	<u>-</u>	<u>(51,965)</u>	<u>(84,785)</u>
Depreciation	<u>(15,779,340)</u>	<u>(517,849)</u>	<u>-</u>	<u>(51,965)</u>	<u>(16,349,154)</u>
Governmental Activities Capital					
Assets, Net	<u>\$ 15,608,532</u>	<u>\$ 187,206</u>	<u>\$ -</u>	<u>\$ (51,965)</u>	<u>\$ 15,743,773</u>

Depreciation expense was charged to governmental function as follows:

Instruction	\$ 264,161
Instructional Resources and Media Services	4,901
Curriculum Dev. And Instructional Staff Dev.	9,804
School Leadership	19,608
Guidance, Counseling and Evaluation Services	9,804
Health Services	4,901
Student (Pupil) Transportation	25,243
Food Services	29,411
Cocurricular/Extracurricular Activities	21,147
General Administration	29,314
Plant Maintenance and Operations	99,555
Total Depreciation Expense	<u>\$ 517,849</u>



Banquete Independent School District  
Notes to the Financial Statements  
Year ended August 31, 2022

**G. BONDS PAYABLE**

Bonded indebtedness of the District is reflected in the General Long-Term debt Account Group, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended August 31, 2022, is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance	Increase	Decreases	Ending Balance	Amounts Due Within One Year
U/L Tax Refunding Bonds, Series 2012	3.0%	\$ 6,390,000	\$ 20,738	\$ 930,000	\$ -	\$ 675,000	\$ 255,000	\$ 255,000
U/L Tax Refunding Bonds, Series 2015	2-4%	3,245,000	76,000	2,055,000	-	310,000	1,745,000	320,000
Maintenance Tax Notes, Series 2017	2.95%	288,260	3,554	120,548	-	59,359	61,189	61,189
Time Warrants, Series 2019	2.20%	567,000	7,612	346,000	-	113,000	233,000	115,000
U/L Tax School Building Bond, Series 2021	2.00%	4,100,000	109,333	4,100,000	-	970,000	3,130,000	1,455,000
Public Property Financing	2.30%	515,268	11,825	515,268	-	46,427	468,841	47,492
Premium / discount			-	1,231,150	-	67,494	1,163,656	67,494
Capital Lease			783	20,068	-	20,068	-	-
Total governmental activities			\$ 229,845	\$ 9,318,034	\$ -	\$ 2,261,348	\$ 7,056,686	\$ 2,321,175

The District issued time warrants-Series 2019 in the amount of \$567,000, interest rate 2.2%, payable annually \$110,000-\$118,000 with maturity date August 31, 2024.

Debt service requirements are as follows:

Year Ended August 31	Principal	Interest	Total Requirements
2023	\$ 2,253,681	\$ 225,508	\$ 2,479,189
2024	2,176,582	146,349	2,322,931
2025	394,697	96,066	490,763
2026	415,837	45,256	461,093
2027	432,004	29,914	461,918
Thereafter	220,246	26,626	246,872
Total	\$ 5,893,047	\$ 569,719	\$ 6,462,766

**Advance Refunding of Debt**

On April 13, 2012, the District issued Series 2012 bonds totaling \$6,390,000 with interest rates ranging from 3.00% to 3.50% to advance refund \$6,390,000 of Series 2005 Bonds with an interest rate 5.00%. The net proceeds were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, \$6,390,000 of Series 2005 bonds are considered to be defeased and the liability for those bonds is now \$1,023,057. On April 5, 2012, the District issued Series 2012A bonds totaling \$590,000 with interest rates ranging from 1.87% to 2.37% to pay off a short term note payable of \$547,000 with an interest rate of 1.790%. As a result, the \$547,000 short term note payable is considered

Banquete Independent School District  
Notes to the Financial Statements  
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**G. BONDS PAYABLE (Continued)**

to be defeased and the liability for that payable was removed from the debt. The refunding resulted in a reduction of total debt service payments over 13 years by \$241,925 to obtain an economic gain of \$233,884. During the year ended August 31, 2022, the District defeased \$1,000,000 of Series 2012 bonds to save on total debt service. Accordingly, the related liabilities are not included in the District's financial statements. The District placed \$1,000,000 of cash and other monetary assets acquired with existed resources in an escrow account to provide resources for all future debt service payments of \$1,000,000 of defeased debt.

**Advance Refunding of Debt**

On June 15, 2015, the District issued Series 2015 bonds totaling \$3,245,000 with interest rates ranging from 2.00% to 4.00% to advance refund \$3,245,000 of Series 2007 Bonds with an interest rate 5.00%. The net proceeds were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, \$3,245,000 of Series 2007 bonds are considered to be defeased and the liability for those bonds is now \$495,000. The refunding resulted in a reduction of total debt service payments over 12 years by \$229,783 to obtain an economic gain of \$205,080.

**H. RIGHT-TO-USE LEASE LIABILITIES PAYABLE**

The District leases photocopy machines with one agreement having a 60 month term. Payments are made monthly which consist of principal and imputed annual interest. No assets were pledged as collateral for these leases.

A summary of Right-To-Use Lease arrangements for the year ended August 31, 2022, is as follows:

	Interest Rate Payable	Original Lease Liability	Current Year Interest	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance	Amounts Due Within One Year
NDS Leasing	4.75%	\$ 164,100	\$ 5,249	\$ -	\$ 164,100	\$ 68,639	\$ 95,461	\$ 28,910
		Total	\$ 5,249	\$ -	\$ 164,100	\$ 68,639	\$ 95,461	\$ 28,910

Future principal and interest payments due to maturity as of the end of the fiscal year are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 28,910	\$ 3,911	\$ 32,821
2024	30,313	2,507	32,820
2025	36,238	1,053	37,291
2026	-	-	-
2027	-	-	-
2028-2032	-	-	-
Totals	\$ 95,461	\$ 7,471	\$ 102,932

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Notes to the Financial Statements  
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**I. HEALTH CARE COVERAGE**

During the year ended August 31, 2022 employees of the Banquete Independent School District were covered by a health insurance plan (the plan). The District contributed \$225 per month per employee to the plan and employees, at their option, authorized payroll withholding to pay contributions or premiums for dependents. All premiums were paid to a licensed insurer. The plan was authorized by Section 21.922. Texas Education code, and was documented by contractual agreement.

The Texas School Employees Uniform Group Health Coverage Act, which was enacted by the 77<sup>th</sup> Texas Legislature, established a statewide health insurance program for public education employees effective September 1, 2006. The Banquete ISD has elected to participate in the statewide TRS Active-Care Program.

**J. DEFINED BENEFIT PENSION PLAN**

**A. Plan Description**

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

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

**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 Annual Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**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.

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Notes to the Financial Statements  
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**J. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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 year.

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

**Contribution Rates**

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

Banquete ISD 2022 Employer Contributions	\$ 226,365
Banquete ISD 2022 Member Contributions	\$ 599,047
Banquete ISD 2022 NECE On-behalf Contributions	\$ 471,348

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 (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

Banquete Independent School District  
Notes to the Financial Statements  
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**J. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

- All public schools, charter schools, and regional educational service centers must contribute 1.6 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.

**E. Actuarial Assumptions**

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

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.3%
Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age- adjusted claims costs.
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	4.50% to 9.00%
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
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.

**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 pension plan investments of 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 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.

Banquete Independent School District  
Notes to the Financial Statements  
Year ended August 31, 2022

**J. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are

developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 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-U.S. 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	5.0	2.2	0.12
<b>Real Return</b>			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Resources & 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%	-0.7%	-0.01%
Asset Allocation Leverage	-6.0	-0.5	0.03
Inflation Expectation			2.20%
Volatility Drag****			-0.95%
<b>Total</b>	100.0%		6.90%

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

Banquete Independent School District  
Notes to the Financial Statements  
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**J. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Banquete's proportionate share of the net pension liability:	\$ 2,735,934	\$ 1,252,053	\$ 48,175

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

At August 31, 2022, the District reported a liability of \$1,252,053 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 1,252,053
State's proportionate share that is associated with the District	2,812,805
Total	<u>\$ 4,064,858</u>

The net pension liability was measured as of August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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 .0049164769%, which was an increase (decrease) of .0002356063% 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 August 31, 2022, the District recognized pension expense of \$213,741 and revenue of \$11,245 for support provided by the State.

At August 31, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Banquete Independent School District  
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Year ended August 31, 2022

**J. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,095	\$ 88,145
Changes in actuarial assumptions	442,576	192,925
Difference between projected and actual investment earnings	-	1,049,830
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	390,623	36,217
Total as August 31, 2021 measurement date	835,294	1,367,117
Contributions paid to TRS subsequent to the measurement date	226,365	-
Total as of fiscal year ended	\$ 1,061,659	\$ 1,367,117

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

Year ended June 30,	Pension Expense Amount
2023	\$ (55,354)
2024	(79,729)
2025	(175,223)
2026	(249,166)
2027	24,676
Thereafter	2,973

**K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

**A. Plan Description**

The Banquete Independent School 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 Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [http://www.trs.texas.gov/Pages/about\\_publications.aspx](http://www.trs.texas.gov/Pages/about_publications.aspx); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.



Banquete Independent School District  
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Year ended August 31, 2022

**K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

**C. Benefits Provided**

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

The premium rates for retirees are reflected in the following table.

**TRS-Care Monthly for Retirees**

	<b>Medicare</b>	<b>Non-Medicare</b>
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

**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 pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. 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.

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**K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

<b>Contribution Rates</b>		
	<b>2021</b>	<b>2022</b>
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%
Banquete ISD 2022 Employer Contributions		\$ 66,995
Banquete ISD 2022 Member Contributions		\$ 48,672
Banquete ISD 2022 NECE On-Behalf Contributions		\$ 88,945

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5,520,3432 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

**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 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, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2018.

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Notes to the Financial Statements  
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**K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

**Additional Actuarial Methods and Assumptions:**

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	1.95% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2120
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.05% including inflation
Payroll Growth Rate	3.00%
Ad hoc post-employment benefit changes	None

**F. Discount Rate:**

A single discount rate of 1.95% 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 contribution entity are made at the statutory required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefits 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 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 percentage point lower than and 1 percentage point higher than the discount rate that was used in measuring the Net OPEB Liability.

Banquete Independent School District  
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**K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
Banquete's proportionate share of the Net OPEB liability:	\$ 3,954,053	\$ 3,278,025	\$ 2,745,968

**H. OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEBs**

At August 31, 2022, the District reported a liability of \$3,278,025 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the Net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB liability	\$ 3,278,025
State's proportionate share that is associated with the District	4,391,823
Total	<u>\$ 7,669,848</u>

The Net OPEB liability was measured as of August 31, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective Net OPEB Liability was .0084979129%, which was an increase (decrease) of .0001521012% from its proportion measured as of August 31, 2020.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Trend Rate
Banquete's proportionate share of the Net OPEB liability:	\$ 2,655,091	\$ 3,278,025	\$ 4,113,847

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

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

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

For the ended August 31, 2022, the District recognized OPEB expense of (\$191,586) and revenue of (\$162,092) for support provided by the State.

Banquete Independent School District  
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**K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

At August 31, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 141,134	\$ 1,586,793
Changes in actuarial assumptions	363,080	693,242
Difference between projected and actual investment earnings	3,559	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	490,560	93,248
Total as of August 31, 2020 measurement date	998,333	2,373,283
Contributions paid to TRS subsequent to the measurement date	66,995	-
Total as of fiscal year-end	\$ 1,065,328	\$ 2,373,283

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 August 31:	Pension Expense Amount
2023	\$ (273,919)
2024	(274,000)
2025	(273,979)
2026	(187,692)
2027	(70,874)
Thereafter	(294,486)

**L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)**

**Medicare on Behalf Payments.** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2022, 2021, and 2020, the subsidy payments received by TRS-Care on behalf of the District were \$30,721, \$32,374, and \$30,407, respectively.

**M. UNEMPLOYMENT COMPENSATION POOL**

The District has established the Worker's Compensation Internal Service Fund to account for workers compensation claims. During the year ended August 31, 2022, Banquete ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute "Interlocal Agreements" that define the responsibilities of the parties.

Banquete Independent School District  
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**M. UNEMPLOYMENT COMPENSATION POOL (continued)**

The Fund meets its obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

The Fund engages the services of Ernst & Young to conduct an independent financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

**N. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS**

Upon retirement or death of certain employees, the District pays only the state approved sick leave and vacation leave in a lump cash payment to such employee of his/her estate. The District does not recognize an accumulated sick leave or vacation leave liability.

**O. DEFERRED COMPENSATION PLAN**

Employees of the Banquete Independent School District may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect To Service For State and Local Governments). The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan has been administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the District subject only to the claims of the District's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the District, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The District believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

**P. DEFERRED REVENUES**

Bulletin 679 provides that Texas school districts record net tax levies initially as deferred revenue and convert those deferrals to realized revenue when the taxes are collected. A district may convert all delinquent tax collections expected to be made in the first sixty days of the next fiscal year from deferred revenue to realized revenue of the current year. Banquete Independent School District had the following deferred revenues at August 31, 2022:

	General Fund	Debt Service Fund	Total
Net Unrealized Property Taxes	\$ 788,461	\$ 358,750	\$ 1,147,211
Less amounts expected to be collected	(157,692)	(71,750)	(229,442)
Total Deferred Revenues	<u>\$ 630,769</u>	<u>\$ 287,000</u>	<u>\$ 917,769</u>

Banquete Independent School District  
Notes to the Financial Statements  
Year ended August 31, 2022

**Q. LITIGATION**

The District is currently involved in various legal proceedings arising from its operations. The District believes that the outcome of these proceedings, individually and in the aggregate, will have no material effect on the District's financial position.

**R. OTHER SIGNIFICANT COMMITMENTS OR CONTINGENCIES**

The District did not have any commitments and contingencies which needed to be reflected or noted in the financial statements.

**S. DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2022, are reported on the combined financial statements as Due From Other Governments and are summarized below:

Fund	State Entitlements	Federal Grants	Total
General	\$ 688,519	\$ -	\$ 688,519
Special Revenue	-	1,523,624	1,523,624
Total	<u>\$ 688,519</u>	<u>\$ 1,523,624</u>	<u>\$ 2,212,143</u>

**T. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Property Taxes	\$ 6,816,967	\$ -	\$ 2,135,198	\$ 8,952,165
Penalties, Interest and Other	81,219	-	25,919	107,138
Tax-related Income				
Investment Income	23,499	19	6,054	29,572
Food Sales	-	124,996	-	124,996
Co-curricular Student	42,761	-	-	42,761
Activities				
Other	83,822	-	-	83,822
Total	<u>\$ 7,048,268</u>	<u>\$ 125,015</u>	<u>\$ 2,167,171</u>	<u>\$ 9,340,454</u>

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**U. RISK MANAGEMENT**

The District is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's program for managing risks includes:

- 1) participation in a public entity risk pool (TASB) to cover liability claims such as workers compensation, life, medical and general liability claims;
  - 2) purchasing commercial property insurance for protection from theft and damages due to windstorms, hurricanes, hail storms, floods, accidents and District's liability;
  - 3) providing employees with various safety programs. Except for deductibles of up to \$10,000 on property damage and \$100,000 on windstorm damage, the District has transferred risk of loss to the public entity risk pool and commercial insurers. There have been no significant reductions in insurance coverage from coverage in the prior year. Except for deductibles paid, settlement amount have not exceeded insurance coverage for the current year or the three prior fiscal years. In the event of a loss for uninsurable assets (underground pipelines and similar facilities) the District policy has been to maintain substantial reserves within fund balances.
- The 2020 COVID-19 (Coronavirus) pandemic continues to disrupt businesses in America and the entire World. The District is striving to be highly attuned and is maintaining a heightened state of readiness for the principal risks and increased uncertainties ahead. Given the potential for rapid spreading of the virus, management will be evaluating the current and potential effects on its operations and financial reporting.

**V. RELATED ORGANIZATIONS**

None.

**W. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**X. EVALUATION OF SUBSEQUENT EVENTS**

The District has evaluated subsequent events through February 21, 2023, the date which the financial statements were available to be issued.

**Y. MAINTENANCE OF EFFORT**

For fully insured districts/entities/risk pools, enter the total amount paid by the district for employee health care premiums as reported to TEA per Note L.

a) Total District Premium paid for health care 2021-2022	\$ 786,749
b) Subtract any non-medical expenditures	
Life Insurance	\$ -
Long-Term Disability	-
c) 2021-2022 Maintenance of Effort	<u>\$ 786,749</u>



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**Z. GASB 63**

GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are the consumption of net assets by the government that is applicable to a future reporting period and deferred inflows of resources are the acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are incorporated into the definitions of the required components of the residual measure and that measure is renamed as net position, rather than net assets.

**AA. GASB 87**

The District implemented GASB 87 for reporting leases during the reporting period. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "longterm" lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in government fund types as an other financial source during the current period. Monthly payments are reported as principal and interest payments during the reporting period of the fund level statements.

The right-to-use lease asset capitalization level is determined by the Board of Trustees. The term of the lease must be the noncancelable period during which the District has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised, plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. If the lease is in a governmental fund, the full amount of the lease asset will be reported as an expenditure in the fund level statements the year the agreement is made.

**BB. PRIOR PERIOD ADJUSTMENT**

A prior period of (\$10,898) was made to the government-wide financial statements to adjust the liability and depreciation of the right-to-use lease assets for the fiscal year in accordance with GASB 87 which decreased ending net position and fund balance.

## **REQUIRED SUPPLEMENTARY INFORMATION**

BANQUETE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 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	\$ 6,778,319	\$ 6,668,319	\$ 7,048,268	\$ 379,949
5800	State Program Revenues	3,840,406	3,840,406	4,512,266	671,860
5900	Federal Program Revenues	-	-	183,644	183,644
5020	Total Revenues	10,618,725	10,508,725	11,744,178	1,235,453
EXPENDITURES:					
Current:					
0011	Instruction	6,124,703	6,124,708	5,284,654	840,054
0012	Instructional Resources and Media Services	104,052	104,050	68,567	35,483
0013	Curriculum and Instructional Staff Development	165,999	165,999	179,330	(13,331)
0021	Instructional Leadership	-	-	420	(420)
0023	School Leadership	680,656	680,656	701,269	(20,613)
0031	Guidance, Counseling, and Evaluation Services	324,739	324,739	318,993	5,746
0033	Health Services	91,762	91,762	95,516	(3,754)
0034	Student (Pupil) Transportation	347,600	347,601	484,082	(136,481)
0036	Extracurricular Activities	533,131	533,130	526,078	7,052
0041	General Administration	653,456	654,089	798,220	(144,131)
0051	Facilities Maintenance and Operations	1,202,799	1,202,800	1,507,718	(304,918)
0053	Data Processing Services	220,153	220,154	230,938	(10,784)
0061	Community Services	3,600	4,066	2,041	2,025
Debt Service:					
0071	Principal on Long-Term Liabilities	266,500	-	266,425	(266,425)
0072	Interest on Long-Term Liabilities	29,100	-	29,023	(29,023)
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	5,000	5,000	-	5,000
6030	Total Expenditures	10,753,250	10,458,754	10,493,274	(34,520)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(134,525)	49,971	1,250,904	1,200,933
OTHER FINANCING SOURCES (USES):					
7914	Non-Current Loans	-	-	164,100	164,100
8911	Transfers Out (Use)	-	-	(351,613)	(351,613)
7080	Total Other Financing Sources (Uses)	-	-	(187,513)	(187,513)
1200	Net Change in Fund Balances	(134,525)	49,971	1,063,391	1,013,420
0100	Fund Balance - September 1 (Beginning)	3,187,964	3,187,964	3,187,964	-
3000	Fund Balance - August 31 (Ending)	\$ 3,053,439	\$ 3,237,935	\$ 4,251,355	\$ 1,013,420

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BANQUETE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2022

	FY 2022 <u>Plan Year 2021</u>	FY 2021 <u>Plan Year 2020</u>	FY 2020 <u>Plan Year 2019</u>
District's Proportion of the Net Pension Liability (Asset)	0.004916477%	0.004680871%	0.003921722%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,252,053	\$ 2,506,979	\$ 2,038,634
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	2,812,805	5,810,251	5,475,986
Total	<u>\$ 4,064,858</u>	<u>\$ 8,317,230</u>	<u>\$ 7,514,620</u>
District's Covered Payroll	\$ 7,516,851	\$ 7,100,182	\$ 6,368,922
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	16.66%	35.31%	32.01%
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.

<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.004102742%	0.00373053%	0.003710186%	0.0034459%	0.0017238%
\$ 2,258,249	\$ 1,192,822	\$ 1,402,024	\$ 1,218,080	460,151
5,938,822	3,530,359	4,101,463	3,777,788	3,340,420
<u>\$ 8,197,071</u>	<u>\$ 4,723,181</u>	<u>\$ 5,503,487</u>	<u>\$ 4,995,868</u>	<u>\$ 3,800,571</u>
\$ 6,368,922	\$ 6,098,997	\$ 6,202,071	\$ 5,850,793	5,476,195
35.46%	19.56%	22.61%	20.82%	8.41%
73.74%	82.17%	78.00%	78.43%	83.25%

BANQUETE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2022

	2022	2021	2020
Contractually Required Contribution	\$ 226,365	\$ 197,608	\$ 163,439
Contribution in Relation to the Contractually Required Contribution	(226,365)	(197,608)	(163,439)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 7,488,016	\$ 7,516,851	\$ 7,100,182
Contributions as a Percentage of Covered Payroll	3.02%	2.63%	2.30%

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
\$ 139,876	\$ 138,804	\$ 174,535	\$ 225,375	\$ 179,685
(139,876)	(138,804)	(174,535)	(225,375)	(179,685)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,476,485	\$ 6,368,922	\$ 5,783,140	\$ 6,202,071	\$ 5,850,793
2.16%	2.18%	3.02%	3.63%	3.07%



BANQUETE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 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	0.008497913%	0.008345811%	0.008536004%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 3,278,025	\$ 3,172,620	\$ 4,036,778
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	4,391,823	4,263,241	5,363,979
Total	<u>\$ 7,669,848</u>	<u>\$ 7,435,861</u>	<u>\$ 9,400,757</u>
District's Covered Payroll	\$ 7,516,851	\$ 7,100,182	\$ 6,368,922
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	43.61%	44.68%	63.38%
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.

FY 2019		FY 2018	
Plan Year 2018		Plan Year 2017	
0.008089357%		0.007444493%	
\$	4,039,090	\$	3,237,331
5,537,271		4,946,432	
\$	9,576,361	\$	8,183,763
\$ 6,368,922		\$ 6,098,997	
63.42%		53.08%	
1.57%		0.91%	

BANQUETE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2022

	2022	2021	2020
Contractually Required Contribution	\$ 66,995	\$ 74,885	\$ 76,252
Contribution in Relation to the Contractually Required Contribution	(66,995)	(74,885)	(76,252)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 7,488,016	\$ 7,516,851	\$ 7,100,182
Contributions as a Percentage of Covered Payroll	0.89%	1.00%	1.07%

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.

<u>2019</u>		<u>2018</u>	
\$	56,743	\$	57,113
	(56,743)		(57,113)
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>
\$	6,476,485	\$	6,368,922
	0.88%		0.90%

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## **COMBINING AND OTHER STATEMENTS**

BANQUETE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2022

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	240 National Breakfast and Lunch Program
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ 22,366	\$ (16,171)	\$ 88,260
1120	Investments - Current	4,009	-	-
1240	Due from Other Governments	141,334	20,227	-
1260	Due from Other Funds	-	18,430	500
1410	Prepayments	-	-	322
1000	Total Assets	<u>\$ 167,709</u>	<u>\$ 22,486</u>	<u>\$ 89,082</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ -	\$ -	\$ -
2170	Due to Other Funds	167,709	22,486	9,350
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>167,709</u>	<u>22,486</u>	<u>9,350</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	79,732
Committed Fund Balance:				
3510	Construction	-	-	-
3600	Unassigned Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>79,732</u>
4000	Total Liabilities and Fund Balances	<u>\$ 167,709</u>	<u>\$ 22,486</u>	<u>\$ 89,082</u>

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II.A Training and Recruiting	266 ESSER -School Emergency Relief -CARES	270 ESEA V. B,2 Rural & Low Income	277 Coronavirus Relief Fund CARES	279 ESSER III TCLAS ARP Act	282 ESSER III ARP Act
\$ 4,383	\$ -	\$ (1,436)	\$ -	\$ -	\$ -	\$ (190)	\$ -
-	-	-	-	-	-	-	-
42,606	-	21,656	20,485	30,767	-	87,568	-
-	-	-	-	-	44,562	-	4,560
-	-	-	-	-	-	-	-
<u>\$ 46,989</u>	<u>\$ -</u>	<u>\$ 20,220</u>	<u>\$ 20,485</u>	<u>\$ 30,767</u>	<u>\$ 44,562</u>	<u>\$ 87,378</u>	<u>\$ 4,560</u>
\$ -	\$ -	\$ 1,685	\$ -	\$ -	\$ -	\$ 871	\$ -
17,280	-	18,535	20,485	28,790	44,562	86,507	-
-	-	-	-	1,977	-	-	4,560
<u>17,280</u>	<u>-</u>	<u>20,220</u>	<u>20,485</u>	<u>30,767</u>	<u>44,562</u>	<u>87,378</u>	<u>4,560</u>
29,709	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>29,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 46,989</u>	<u>\$ -</u>	<u>\$ 20,220</u>	<u>\$ 20,485</u>	<u>\$ 30,767</u>	<u>\$ 44,562</u>	<u>\$ 87,378</u>	<u>\$ 4,560</u>



BANQUETE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2022

Data Control Codes	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	429 Other State Special Revenue Funds	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ (20,155)	\$ 77,057
1120 Investments - Current	-	-	-	4,009
1240 Due from Other Governments	28,424	-	-	393,067
1260 Due from Other Funds	-	121	-	68,173
1410 Prepayments	-	-	-	322
1000 Total Assets	<u>\$ 28,424</u>	<u>\$ 121</u>	<u>\$ (20,155)</u>	<u>\$ 542,628</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ -	\$ -	\$ 4,577	\$ 7,133
2170 Due to Other Funds	28,424	-	5,242	449,370
2300 Unearned Revenue	-	-	-	6,537
2000 Total Liabilities	<u>28,424</u>	<u>-</u>	<u>9,819</u>	<u>463,040</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	121	-	109,562
Committed Fund Balance:				
3510 Construction	-	-	-	-
3600 Unassigned Fund Balance	-	-	(29,974)	(29,974)
3000 Total Fund Balances	<u>-</u>	<u>121</u>	<u>(29,974)</u>	<u>79,588</u>
4000 Total Liabilities and Fund Balances	<u>\$ 28,424</u>	<u>\$ 121</u>	<u>\$ (20,155)</u>	<u>\$ 542,628</u>

699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 77,057
339,228	343,237
-	393,067
-	68,173
-	322
<u>\$ 339,228</u>	<u>\$ 881,856</u>
\$ -	\$ 7,133
-	449,370
-	6,537
<u>-</u>	<u>463,040</u>
-	109,562
339,228	339,228
-	(29,974)
<u>339,228</u>	<u>418,816</u>
<u>\$ 339,228</u>	<u>\$ 881,856</u>

BANQUETE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	240 National Breakfast and Lunch Program
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 19	\$ -	\$ 124,996
5800 State Program Revenues	-	-	22,721
5900 Federal Program Revenues	187,995	48,342	651,886
5020 Total Revenues	188,014	48,342	799,603
EXPENDITURES:			
Current:			
0011 Instruction	186,217	48,342	-
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	1,100	-	-
0021 Instructional Leadership	700	-	-
0023 School Leadership	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-
0033 Health Services	-	-	-
0034 Student (Pupil) Transportation	-	-	-
0035 Food Services	-	-	788,115
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0053 Data Processing Services	-	-	-
0061 Community Services	-	-	-
6030 Total Expenditures	188,017	48,342	788,115
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(3)	-	11,488
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	-	-
1200 Net Change in Fund Balance	(3)	-	11,488
0100 Fund Balance - September 1 (Beginning)	3	-	68,244
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 79,732

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II.A Training and Recruiting	266 ESSER -School Emergency Relief -CARES	270 ESEA V, B,2 Rural & Low Income	277 Coronavirus Relief Fund CARES	279 ESSER III TCLAS ARP Act	282 ESSER III ARP Act
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	21,987	33,531	37,281	15,825	-	92,866	828,010
-	21,987	33,531	37,281	15,825	-	92,866	828,010
-	21,987	13,198	37,281	15,825	-	92,866	732,468
-	-	-	-	-	-	-	711
-	-	12,470	-	-	-	-	3,180
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	18,705
-	-	-	-	-	-	-	7,235
-	-	-	-	-	-	-	705
-	-	-	-	-	-	-	3,226
636	-	-	-	-	-	-	8,341
-	-	-	-	-	-	-	21,766
-	-	-	-	-	-	-	28,209
-	-	-	-	-	-	-	3,464
-	-	7,863	-	-	-	-	-
636	21,987	33,531	37,281	15,825	-	92,866	828,010
(636)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(636)	-	-	-	-	-	-	-
30,345	-	-	-	-	-	-	-
\$ 29,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BANQUETE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	429 Other State Special Revenue Funds	Total Nonmajor Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 125,015
5800 State Program Revenues	-	-	11,392	34,113
5900 Federal Program Revenues	28,424	110	84,904	2,031,161
5020 Total Revenues	28,424	110	96,296	2,190,289
EXPENDITURES:				
Current:				
0011 Instruction	28,424	-	120,347	1,296,955
0012 Instructional Resources and Media Services	-	-	-	711
0013 Curriculum and Instructional Staff Development	-	-	680	17,430
0021 Instructional Leadership	-	-	-	700
0023 School Leadership	-	-	-	18,705
0031 Guidance, Counseling, and Evaluation Services	-	-	-	7,235
0033 Health Services	-	-	-	705
0034 Student (Pupil) Transportation	-	-	-	3,226
0035 Food Services	-	-	-	797,092
0041 General Administration	-	-	-	21,766
0051 Facilities Maintenance and Operations	-	-	-	28,209
0053 Data Processing Services	-	-	-	3,464
0061 Community Services	-	-	-	7,863
6030 Total Expenditures	28,424	-	121,027	2,204,061
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	110	(24,731)	(13,772)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	110	(24,731)	(13,772)
0100 Fund Balance - September 1 (Beginning)	-	11	(5,243)	93,360
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 121	\$ (29,974)	\$ 79,588

699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 125,015
-	34,113
-	2,031,161
-	2,190,289
-	1,296,955
-	711
-	17,430
-	700
-	18,705
-	7,235
-	705
-	3,226
-	797,092
-	21,766
300,062	328,271
-	3,464
-	7,863
300,062	2,504,123
(300,062)	(313,834)
351,613	351,613
51,551	37,779
287,677	381,037
\$ 339,228	\$ 418,816

BANQUETE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
AUGUST 31, 2022

EXHIBIT H-3

	863 Payroll Clearing Fund	865 Custodial Fund Student Activity Acct	Custodial Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 124,773	\$ 172,601	\$ 297,374
Due from Other Funds	204,812	-	204,812
Total Assets	<u>329,585</u>	<u>172,601</u>	<u>502,186</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings Payable	277,416	-	277,416
Due to Other Funds	52,169	-	52,169
Total Liabilities	<u>329,585</u>	<u>-</u>	<u>329,585</u>
<b>NET POSITION</b>			
Unrestricted Net Position	-	172,601	172,601
Total Net Position	<u>\$ -</u>	<u>\$ 172,601</u>	<u>\$ 172,601</u>

BANQUETE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2022

	863 Payroll Clearing Fund	865 Custodial Fund Student Activity Acct	Total  Custodial Fund
<b>ADDITIONS:</b>			
Miscellaneous Revenue - Student Activities	\$ -	\$ 313,476	\$ 313,476
Total Additions	-	313,476	313,476
<b>DEDUCTIONS:</b>			
Other Deductions	-	290,694	290,694
Total Deductions	-	290,694	290,694
Change in Net Position	-	22,782	22,782
Net Position - September 1 (Beginning)	-	-	-
Prior Period Adjustment	-	149,819	149,819
Net Position - August 31 (Ending)	\$ -	\$ 172,601	\$ 172,601



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## **T.E.A. REQUIRED SCHEDULES**

BANQUETE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2022

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2013 and prior years	Various	Various	\$ 2,902,889,982
2014	1.170000	0.343200	276,105,849
2015	1.170000	0.343200	276,989,092
2016	1.170000	0.343200	315,995,467
2017	1.170000	0.343200	342,197,230
2018	1.170000	0.343200	371,175,352
2019	1.170000	0.299360	398,714,320
2020	1.068400	0.378136	605,974,392
2021	1.054700	0.378100	598,532,373
2022 (School year under audit)	1.033500	0.323530	683,326,809
1000 TOTALS			

(10) Beginning Balance 9/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2022
\$ 308,010	\$ -	\$ 6,051	\$ 2,359	\$ (10,045)	\$ 289,555
58,131	-	1,953	573	(128)	55,477
61,565	-	2,481	728	(288)	58,068
50,869	-	3,031	889	(288)	46,661
58,957	-	3,780	1,109	(362)	53,706
84,227	-	10,324	3,028	1,771	72,646
115,898	-	20,730	5,304	1,997	91,861
135,628	-	24,678	8,734	1,130	103,346
211,187	-	47,907	17,174	(5,140)	140,966
-	9,041,857	6,693,309	2,095,290	(18,332)	234,926
<u>\$ 1,084,471</u>	<u>\$ 9,041,857</u>	<u>\$ 6,814,244</u>	<u>\$ 2,135,188</u>	<u>\$ (29,685)</u>	<u>\$ 1,147,211</u>

BANQUETE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 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	\$ 137,000	\$ 137,000	\$ 124,996	\$ (12,004)
5800 State Program Revenues	3,150	3,150	22,721	19,571
5900 Federal Program Revenues	479,850	479,850	651,886	172,036
5020 Total Revenues	620,000	620,000	799,603	179,603
EXPENDITURES:				
Current:				
0035 Food Services	614,000	614,539	788,115	(173,576)
6030 Total Expenditures	614,000	614,539	788,115	(173,576)
1200 Net Change in Fund Balances	6,000	5,461	11,488	6,027
0100 Fund Balance - September 1 (Beginning)	68,244	68,244	68,244	-
3000 Fund Balance - August 31 (Ending)	\$ 74,244	\$ 73,705	\$ 79,732	\$ 6,027

BANQUETE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 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	\$ 2,161,071	\$ 2,035,819	\$ 2,167,171	\$ 131,352
5800 State Program Revenues	-	-	15,260	15,260
5020 Total Revenues	2,161,071	2,035,819	2,182,431	146,612
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	1,955,000	1,955,000	1,955,000	-
0072 Interest on Long-Term Liabilities	206,071	207,000	206,071	929
0073 Bond Issuance Cost and Fees	800	8,000	749	7,251
6030 Total Expenditures	2,161,871	2,170,000	2,161,820	8,180
1200 Net Change in Fund Balances	(800)	(134,181)	20,611	154,792
0100 Fund Balance - September 1 (Beginning)	817,519	817,519	817,519	-
3000 Fund Balance - August 31 (Ending)	\$ 816,719	\$ 683,338	\$ 838,130	\$ 154,792

BANQUETE INDEPENDENT SCHOOL DISTRICT  
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES  
FOR THE YEAR ENDED AUGUST 31, 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
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	756679
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	280603

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**Section B: Bilingual Education Programs**

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	No
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	11155
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	

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**REPORTS ON**  
**INTERNAL CONTROLS, COMPLIANCE**  
**AND**  
**FEDERAL AWARDS**



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**Raul Hernandez & Company, P.C.**  
Certified Public Accountants  
5402 Holly Rd., Suite 102  
Corpus Christi, Texas 78411  
Office (361) 980-0482 Fax (361) 980-1002

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards***

**Independent Auditors' Report**

Banquete Independent School District  
4339 4<sup>th</sup> Street  
Banquete, Texas 78339

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Banquete Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Banquete Independent School District's basic financial statements, and have issued our report thereon dated February 21, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Banquete Independent School District's internal control over financial reporting (internal control) to determine the 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 Banquete Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Banquete Independent School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Banquete Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

### **Banquete Independent School District's Response to Findings**

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

### **Purpose of this Report**

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

*Raul Hernandez & Company, P.C.*

Corpus Christi, Texas

February 21, 2023

**Raul Hernandez & Company, P.C.**

Certified Public Accountants  
5402 Holly Rd. Suite 102  
Corpus Christi, Texas 78411  
Office (361)980-0482 Fax (361)980-1002

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

Banquete Independent School District  
4339 4<sup>th</sup> Street  
Banquete, Texas 78339

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

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

We have audited Banquete Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Banquete Independent School District's major federal programs for the year ended August 31, 2022. Banquete Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Banquete Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

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

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

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

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

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

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

*Raul Hernandez + Company, P.C.*  
Corpus Christi, TX  
February 21, 2023

**BANQUETE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?      Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?   X   Yes      None Reported

Noncompliance material to financial statements noted?      Yes   X   No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?      Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?      Yes   X   None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?      Yes   X   No

Identification of major programs:

CFDA Number(s)

84.425

Name of Federal Program or Cluster

ESSER

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

Auditee qualified as low-risk auditee?      Yes   X   No

**BANQUETE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**B. Financial Statement Findings**

**Finding No. 2022-001.**

Criteria: The district's accounting system must make it possible both: (a) to present fairly and fully disclose the funds and activities of the district in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Condition: The District did not prepare accurate schedules of Due to & Due from, a schedule of transfers, accurate schedules of debt, and accurate capital lease schedule and other year-end supporting schedules.

Cause: The District lacks sufficient staff to assist with the year-end closing of the district's books, including preparation of supporting schedules and the general ledger. The district contracts with an independent fee accountant/CPA to provide technical assistance with balancing and year end closing. The independent fee accountant/CPA retired during the fiscal year and the district did not find a suitable replacement. The district reached out to the retired CPA and requested his assistance and he returned only to assist with preparation of the year end balancing of the current year end general ledger. This caused a delay in financial reporting for the audit.

Effect: The District had various ledgers that were not reconciled at year end, and this has delayed the completion of the audit.

Recommendation: The District must develop a year end closing plan and ensure that proper internal controls over financial reporting and compliance are in place.

Management Response: The District is going to create a step by step process for year-end closing which will be developed and implemented for full compliance of financial reporting at year-end and cross training will be conducted. A new fee accountant/CPA has been hired to provide technical assistance throughout the fiscal year and assist with year-end closing.

**Finding No. 2022-002.**

Criteria: The district is required to maintain accurate and timely sub-ledgers of the school activity funds/accounts throughout the fiscal year, including bank account reconciliations and accounting for all transactions. Individuals handling the activity funds must be properly trained and supervised.

Condition: Management encountered discrepancies in one of the school activity funds. Management requested that we expand our audit scope to conduct an examination of the school activity funds for audit period 2022 and prior years.

Cause: The clerical staff who are responsible for the school activity funds were not being properly trained and supervised in prior years. The current year Management conducted an internal review of all activity school accounts and discovered the discrepancy.

Effect: Our examination disclosed one of the school activity funds had an unreconciled bank account and the available cash balance did not have sufficient funds to pay its current bills. Cash receipt books were incomplete or missing. We determined that this school activity fund was delinquent each year on a large vendor invoice amount. This practice of delaying the payment to the vendor had continued for a few years until the discrepancy was discovered during the internal management review. Each year, the delinquent vendor invoice was being paid from funds raised for the following school year. During the fiscal year 2022, the district provided the school activity fund



**BANQUETE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

with a check in the amount of \$15,183.18 payable directly to the vendor in order to become current on the account. The school activity fund has subsequently reimbursed the district \$4,265.98. Management will address the outstanding balance at a later date.

Recommendation: The Finance department should be properly informed and conduct a periodic review of all activity funds. The clerical staff in charge of the activity funds should be properly trained and supervised by an responsible official. The district must ensure that proper internal controls over financial reporting and compliance are in place.

Management Response: The District has a step by step process for year-end closing which will be developed and implemented for full compliance of financial reporting at year-end and cross training.

C. Federal Award Findings and Questioned Costs  
NONE

BANQUETE INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2022

N/A

BANQUETE INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2022

Management Response: The District is going to create a step by step process for year-end closing which will be developed and implemented for full compliance of financial reporting at year-end and cross training will be conducted. A new fee accountant/CPA has been hired to provide technical assistance throughout the fiscal year and assist with year-end closing.

Management Response: The District has a step by step process for year-end closing which will be developed and implemented for full compliance of financial reporting at year-end and cross training.

BANQUETE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2022

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101178913	\$ 188,017
ESEA, Title I, Part C - Migratory Children	84.011	22615001178913	48,342
Career and Technical - Basic Grant	84.048	203922017110002	21,987
ESEA, Title V, Part B,2 - Rural & Low Income Prog.	84.358A	20696001178913	15,825
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22694501178913	33,532
Elementary & Secondary School Emergency Relief Fd	84.425D	20521001178913	37,281
Elementary Secondary School Emergency Relief II	84.425D	21521001178913	701,064
ESSER III - ARP School Emergency Relief	84.425D	21528001178913	828,008
Texas COVID Learning Supports - (TCLAS) ESSER III	84.425U	21528042178913	92,866
Total Assistance Listing Number 84.425			1,659,219
Title IV, Part A, Subpart 1	84.424	22680101178913	28,424
Total Passed Through Texas Education Agency			1,995,346
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			1,995,346
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402201	184,448
*National School Lunch Program - Cash Assistance	10.555	71302201	467,438
Total Child Nutrition Cluster			651,886
Total Passed Through the Texas Department of Agriculture			651,886
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			651,886
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 2,647,232
*Clustered Programs			

**BANQUETE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE SCHEDULE EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Banquete 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.

**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.

**Sub-recipients:**

During the year ended August 31, 2022, the District had no sub-recipients.

**Federal Loans and Loan Guarantees:**

During the year ended August 31, 2022, the District had no outstanding federal loans payable or loan guarantees.

**Federally Funded Insurance:**

During the year ended August 31, 2022, the District had no federally funded insurance.

**Noncash awards:**

During the year ended August 31, 2022, the District received \$0 of federal awards in the form of noncash-assistance.

**Indirect Cost Rate:**

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended August 31, 2022, the District did not elect to use this rate.

**RECONCILIATION FROM THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO  
EXHIBIT C-3:**

Total Federal Award Expended	\$ 2,647,232
SHARS	183,644
TEA	84,993
Exhibit C-3	<u>\$ 2,915,869</u>