



2022-2023

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2023



Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2023

**Prepared By
Business Services Division**

**2000 North 23rd Street
McAllen, Texas 78501**

MCALLEN INDEPENDENT SCHOOL DISTRICT
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

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INTRODUCTORY SECTION

November 16, 2023

Board of Trustees
McAllen Independent School District
2000 North 23rd Street
McAllen, Texas 78501-6126

Dear Board Members:

We are pleased to present the McAllen Independent School District (the “District”) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. The report was prepared by the Business Services Division. Responsibility for the accuracy and fairness of the financial information and disclosures contained in the report rests solely with this division. The District’s annual audited financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information are presented in conformity with generally accepted accounting principles (GAAP) and with requirements established by the Texas Education Agency in their Financial Accountability Systems Resource Guide. The District’s independent auditors were Burton, McCumber & Longoria, LLP and their opinion letter is hereby made a part of this report. The report as submitted to the Texas Education Agency has been modified to conform to the reporting format required by the Government Finance Officers Association. In addition, the Management’s Discussion and Analysis section is an integral part of the ACFR and can be found immediately following the report of the independent auditors.

Texas law requires that each public school district in the state undergo an annual audit conducted by an independent audit firm. This audit must adhere to the generally accepted auditing standards (GAAS) and the generally accepted government auditing standards (GAGAS). The audit must also include a federally mandated “Single Audit”. This Single Audit must comply with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The goal of the independent audit is to provide reasonable assurance that the financial statements of McAllen Independent School District for the fiscal year ended June 30, 2023, are free of material misstatement and are presented in conformity with generally accepted accounting principles (GAAP). The independent auditors’ report is presented as the first component of the financial section of this report.

Profile of the School District

McAllen Independent School District is located in McAllen, Texas, Hidalgo County, the southern tip of Texas. It is rooted in excellence and a tradition of success that spans one hundred and fifteen years. The McAllen school opened its doors in 1908 to welcome twenty children of all ages throughout the young community. It has had a stellar reputation.

The District is made up of 18 elementary schools, 6 middle schools, 3 comprehensive high schools, 1 early college high school, 1 alternative education campus school of choice and 1 alternative education discipline campus for a total of 30 campuses. In 2022-2023, the District enrolled and educated 20,399 students. The District provides a full range of educational services including regular and enriched academic education, special education for students with disabilities, career technical education, bilingual instruction for those with limited English proficiency and specialized instruction for disadvantaged students. The racial makeup of the District's enrollment in 2022-2023 was .08% American Indian or Alaskan, 1.15% Asian, .35% Black or African American, 93.51% Hispanic or Latino, 4.49% White, .03% Hawaiian or Pacific Islander and .39% other.

The McAllen Independent School District is a multicultural community in which students are enthusiastically and actively engaged in the learning process. Students demonstrate academic excellence in a safe, nurturing and challenging environment enhanced by technology and the contributions of the total community.

The policy-making functions of the District lie with a seven-member Board of Trustees (the Board), each of which is elected from an at large-member district for four-year staggered terms. The Board is not included in any other reporting entity as defined by GASB 61. This report contains all funds pertaining to the District. Serving without compensation, Board members establish the policies by which schools operate. In carrying out the task of setting policy, the Board identifies needs and establishes priorities for the school system, allocates financial and human resources among the priority areas and evaluates school performance.

On an annual basis, the District presents the Board of Trustees with the proposed budget for the General Operating Fund and the Debt Service Fund for approval as required by the Texas Education Code and as described in the Texas Education Agency's Financial Accountability Systems Resource Guide. The District has administratively opted to officially adopt a budget for the Capital Projects Fund. Additionally, special revenue funds are controlled by project length budgets approved by State and Federal grantor agencies. The proposed budget is presented to the Board summarized at the function level for each of the stated funds above. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the District's fiscal year. After adoption of the budget, the appropriation amounts are entered into the District's accounting and encumbrance system and monitoring of the expenditures and encumbrances in relation to the approved budget begins.

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

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

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

Factors Affecting the Financial Condition

The changes to funding formula elements include: A basic allotment that remains the same (\$6,160 in 2021-2022 to \$6,160 in 2022-2023 per student), a decreased Per Capita Rate (from \$510.890 in 2021-2022 to \$631.045 in 2022-2023), and a Guaranteed Yield weight that remains the same (\$98.56 in 2021-2022 to \$98.56 in 2022-2023). For the 2022-2023, the final Average Daily Attendance (ADA) decreased by 775 from the original budget.

For 2022-2023, the Board of Trustees approved a salary increase for teachers, librarians, non-teaching professionals, paraprofessionals and auxiliary staff. The minimum general salary increase for the teachers and librarians is \$1,700. The compensation plan indicates the entry level salary for beginning “zero” year teachers at a minimum of \$52,150 and new to McAllen ISD with “20+” years’ experience at a maximum of \$62,630 salary. The compensation plan indicates a salary increase for Administrative Professionals (AE/AM) of \$1,700 and a salary increase of 3% of pay range midpoint for all other employees.

Administration recommended the approval of a one-time Holiday pay stipend in the amount of \$1,500 for all employees who are employed by the district on a full-time basis as of September 15, 2022, and remain employed as of December 1, 2022. Eligible full-time employees are defined as persons employed by the district for at least 27.5 hours per week to include bus drivers and bus aides. This one-time stipend was paid during December 2022.

State Program Revenues for the General Fund are lower compared to last year due to a decrease in ADA based on trend analysis.

Federal Program Revenues are higher compared to last year due to increases in the Child Nutrition Program and School Health Related Services (SHARS) revenues.

The Hidalgo County Appraisal District reviews and assesses property values based on the local real estate market within the District’s geographical taxing jurisdiction. For the District’s 2022-2023 fiscal year, the Hidalgo County Appraisal District reported that the 2022 Certified Totals for the approved Freeze Adjusted Taxable values increased by \$780,194,662 compared to the previous year. The tax collections were based on 96% of the estimated tax levy calculated on trend analysis.

For all funds invested by the District, the annual average interest rate for the 2022-2023 fiscal year was 3.166% compared to 0.320% the previous year, which represents an increase of 2.84 %.

The American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief Fund (ESSER III) was signed into law in March 2021, provides over \$112 billion to the State of Texas to support in safely reopening and sustaining safe operations of schools while meeting the academic, social, emotional, and mental health needs of students resulting from the coronavirus disease 2019 (“COVID-19”) pandemic. The Texas Education Agency allocated over \$90 million to McAllen ISD and released two thirds of the funds \$60 million in June 24, 2021. The remaining \$30 million was released on February 21, 2022.

Local Economy

The City of McAllen compiled the key points for June 2023 for the local economy as follows:

The Federal Reserve Bank of Dallas compiles an economic measurement tool called the McAllen-Edinburg-Mission Business-Cycle Index. This tool uses several economic indicators to formulate the overall economic index.

- The cycle of expansion on the McAllen metro area economy extended to July 2023 with another increase in the McAllen-Edinburg-Mission Business-Cycle Index. The index was at 316.6 in July down from 316.7 in June, and up 0.09% from July 2022 Index of 316.3. Since reaching its COVID low point of 259.9 in April 2020, the McAllen-Edinburg-Mission Business-Cycle Index fully recovered from this trough experiencing a 20-month expansion and then stabilizing December 2021 at 317.1. Since then, the index reached 316.6 in July 2023 for 21.8% increase 40 months after the COVID low point.
- The McAllen-Edinburg-Mission, Metropolitan Statistical Area (MSA), saw a 4.3% annual growth rate in Total Non-agricultural employment from June 2023 to June 2022. *Source- Workforce Data-Employment <https://texaslmi.com/>.*
- Occupancies of the McAllen Hospitality Market (Hotels) in the past 12 months from August Report 2023 have been at 64%. The Average Daily Rate in 2023 is up 28% from 2019 with Revenue Per Available Room up 31% compared to 2019. *Source Data provided by City of McAllen using Hospitality Industry-Costar data.*
- Southbound bridge crossings for Hidalgo and Anzalduas bridges had a 15% increase in aggregate pedestrian, cars, buses & others, and commercial empties for the first six months of 2023 compared to same period during 2022. *South Bound Data provided by Agenda items for McAllen Bridge Board- <https://www.mcallen.net/departments/bridge/agendas>*
- Northbound bridge crossing for Hidalgo bridge had a 16% increase in aggregate bus passengers, buses, pedestrians, personal vehicle passengers, personal vehicles, truck containers empty, truck containers loaded, and trucks for the first six months of 2023 compared to same period during 2022. *Northbound data CBP: <https://www.bts.gov/browse-statistical-products-and-data/border-crossing-data/border-crossingentry-data>*
- General spending activity is easing compared to rates of growth in 2022. June 2023 sales tax receipts in McAllen, Edinburg, Mission, and Pharr area were down by 2.1% compared to June 2022, which in turn was up by 8.8% compared to June of prior year. Sales tax receipts in McAllen, Edinburg, Mission, and Pharr for June 2023 year-to-date, that is the aggregate first two quarters of calendar year, was up 2.3% from period in 2022, which in

turn was up by 16.4% compared to year-to-date for same period 2021. <https://comptroller.texas.gov/transparency/local/allocations/sales-tax/>
<https://mycpa.cpa.state.tx.us/allocation/CtyCntyAllocResults>

- Month of July 2023 airport passenger enplanements increased 10% from same time last year. The midyear total remains up by nearly 12.7% year-over-year thanks to early year strength in numbers. *McAllen International Airport (MFE) Enplanements Data*.
- According to a Housing Report for the McAllen-Edinburg-Mission MSA compiled by the Greater McAllen Association of Realtors for July 2023, with data provided by the Texas Association of Realtors in a research agreement with the Real Estate Center at Texas A&M University, median home prices in the area increased to \$235,000 up 2.2 percent compared to July 2022. During this period the number of months of inventory of housing stock was 4.9 months compared to 3.0 in July 2022. Homes were 92 days on the market which is 18 more days on the market compared to July 2022.
- According to the Texas Workforce Commission, over the last 10 years the McAllen-Edinburg-Mission MSA metro employment has grown from 296,229 in 2013 to 355,674 in 2023—a 20% increase. The City of McAllen’s employment has grown from 58,003 in 2013 to 68,310 in 2023—a 18% increase. The metro’s unemployment rate is now 7.0% vs a City of McAllen Rate of 6.3%.

Long-Term Financial Planning and Major Initiatives

The financial goal of the McAllen Independent School District is to have a sufficient fund balance in the general operating fund to be able to maintain fiscal independence in case of a financial need or crisis. As per CE (Local) Policy, the District shall strive to maintain a balance in the general fund that closely approximates the optimum fund balance amount previously prescribed by the Texas Education Agency (TEA), as reported in Annual Comprehensive Financial Report (ACFR). The optimum fund balance includes two and a half months of general fund operating expenditures. Through focus group sessions, surveys, town hall meetings, and a series of full-day workshop meetings, students, parents, and other members of our community joined teachers and other employees in identifying our call to action, establishing our mission, identifying goals, and beginning the process of pinpointing key actions. On September 26, 2016, the Board of Trustees approved the McAllen ISD Strategic Plan. The Strategic Plan is comprised of the following goals and strategies:

Goal 1: *Student Achievement/Student Focus*

Goal 2: *People Development*

Goal 3: *Facility Priorities*

Goal 4: *Financial Priorities*

Strategy 1: *Branding* - We will effectively and continuously communicate and market the district’s mission, strengths, successes and diverse opportunities for every learner.

Strategy 2: *Attract/Retain High Quality Staff* - We will attract, recruit, develop and retain high quality staff.

Strategy 3: *Engaging Learning Environment* - We will foster secure, supportive, rigorous and engaging learning environments.

Strategy 4: *Rigorous/World Class Standards Customized for Every Learner* - We will utilize national and global standards to customize learning for every learner.

Strategy 5: *Partnerships with Business/Civic/Education Organizations* - We will develop and strengthen bonds with the business, education and civic community to provide engaging learning opportunities.

Strategy 6: *Future-Ready Students* - We will foster principled students who learn, adapt, and innovate in response to their ever-changing environment.

Strategy 7: *Financial Priorities* - We will conduct a budget development, budget implementation, and budget monitoring process that reflects sound business and fiscal practices, while supporting district goals.

In support of our current strategic plan, our District launched a Champion Project in fiscal year 2020-2021. Through conversation with students, parents, teachers, and other staff, McAllen ISD identified Seven Focus Areas. McAllen ISD then targeted those Focus Areas to develop an interactive collection of material - in digital formats - to spotlight the many programs and services that we provide to our community. Through this virtual Parent Symposium, our community can access information on any of the outstanding programs that make McAllen ISD an A+ District.

Focus 1: *A high quality Transformative & Multifaceted Education Program*

Focus 2: *Safety & Security*

Focus 3: *Wellness & Mental Health*

Focus 4: *Customer Service*

Focus 5: *Extra-Curricular Educational Programs*

Focus 6: *Community Involvement*

Focus 7: *Emotional Intelligence*

The District's goals and strategies are significant and measurable through student outcomes. In order to achieve these goals, the District must plan, prepare and evaluate the budget process to ensure the appropriate dollar amounts are allocated to meet all four goals and seven strategies.

Key factors that affected the adopting of the 2023-2024 budget include:

- Preliminary Certified Assessed Values increased 6.99% from 2022 to 2023. For future year budgets, an estimated 6% increase per year will be used to remain conservative.
- House Bill (HB) 3, passed in the 86th Legislature, allows for continued tax compression of the tier one tax rate. In tax year 2023 and fiscal year 2023-2024, state compression of the Maintenance and Operations (M&O) tax rate will apply to the District's tier one tax rate. The M&O tax rate has been compressed from \$1.02 to \$0.8448. The Interest and Sinking (I&S) tax rate increased from \$0.0758 to \$0.1563 due to a Board of Trustees adopted defeasance resolution, for a total tax rate decrease of \$0.0953 from \$1.0964 to \$1.011.
- Increase in interest revenue due to current market conditions resulting in low higher interest rates.
- Decrease in state funding due to a decrease in ADA (Average Daily Attendance).
- Staffing levels and positions will continuously be monitored and reviewed. The District will strive to continue to make future staff reductions through attrition.

- For 2023-2024 the Board of Trustees approved a 1% salary increase for teachers, librarians, non-teaching professionals, paraprofessionals and auxiliary staff. The minimum general salary increase for the teachers and librarians is \$565. The compensation plan indicates the entry level annual salary for beginning “zero” year teachers at a minimum of \$52,150 and new to McAllen ISD with “25+” years’ experience at a maximum of \$66,395 annual salary.
- On November 7th, 2023, a Voter-Approval Tax Ratification Election (VATRE) resulted in a favorable vote to increase the Maintenance and Operations (M&O) tax rate by \$0.0414 resulting in a total tax rate of \$1.0011. This rate consists of an M&O rate of \$0.8448 and an Interest and Sinking (I&S) rate of \$0.1563. The \$0.1563 I&S rate is due to the Board of Trustees adopting a resolution providing for the defeasance to maturity of certain currently outstanding District obligations. The total tax rate decreased by \$0.0953 from the previous year. The tax revenue increase will be used for safer schools and better pay.

The Facilities Maintenance & Operations Department identified projects as “in progress” as of June 30, 2023, and subsequently allocated funding to assigned fund balance in 2023-2024.

Projects for the Facilities Maintenance & Operations Department consist of camera upgrades at 5 high schools, Instruction & Guidance Center, De Leon Middle School, and Morris Middle School; installation of cameras in the cafeteria and gym at several elementaries; floor covering at Achieve Early College High School; water intrusion gym repairs at Travis Middle School; installation of Memorial High School press box; exhaust installation at Warehouse; portable reallocations district wide; replacement of canopies district wide due to wind damage; and installation of fences for security improvements at several elementaries.

Other projects include intercom replacements at McAllen High School, Memorial High School, Instruction & Guidance Center, Lamar Academy, Travis Middle School, Morris Middle School, De Leon Middle School, Fossum Middle School, Escandon Elementary School, Rayburn Elementary School, Roosevelt Elementary School, Hendricks Elementary School and Thigpen-Zavala Elementary School.

Projects for the Tax Ratification Election that are “in progress” for Facilities Maintenance & Operations Department consist of surveillance camera upgrades at Morris Middle School and De Leon Middle School.

The Facilities Maintenance & Operations Department identified projects as “in progress” as of June 30, 2023, and subsequently allocated funding to committed fund balance in 2023-2024 for Hail Damage projects due to severe hailstorms that hit the District on March 29, 2012, and April 20, 2012. Hail damage projects consist of roof replacement at Crockett Administration Annex.

Additionally, due to the issuance of Maintenance Tax Note Series 2020, projects were identified and have been allocated to the restricted fund balance. These projects consist of construction, renovations and improvements district wide.

Awards

School FIRST- This is the 21st year of School FIRST (Financial Integrity Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas

Education Agency. The Texas Education Agency assigned one of four financial accountability ratings to Texas school districts, with the highest being “A” for “*Superior*”, followed by “B” for “*Above-Standard*”, “C” for “*Met Standard*” and “F” for “*Substandard Achievement*.” The primary goal of School FIRST is to achieve quality performance in the management of school districts’ financial resources, a goal made more significant due to the complexity of accounting associated with Texas’ school finance system.

The District received a rating of “A” for “*Superior*” for 2015 through 2022 under Texas’ School FIRST financial accountability rating system. The “*Superior*” rating is the state’s highest, demonstrating the quality of the District’s financial management and reporting system. The District received the highest rating “*Pass*” in 2014, a “*Superior Achievement*” rating in 2010 through 2013 and received an “*Above Standard Achievement*” rating for 2009. From 2002 through 2008, the District also received a “*Superior Achievement*” rating.

Annual Comprehensive Financial Report - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence* in Financial Reporting to the District for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This is the thirteenth year that the District has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Transparency Stars - The Texas Comptroller of Public Accounts recognizes local governments for going beyond in their transparency efforts through the Transparency Stars program. The Texas Comptroller of Public Accounts recognized the district on two specific awards, the *Traditional Finances Star* and the *Debt Obligations Star* in 2016, for exemplary efforts in creating financial transparency around public services and spending decisions. Once the *Traditional Finances Star* and the *Debt Obligations Star* are awarded, the recognition remains in effect and is reviewed on a quarterly basis starting one year after the date of the initial recognition.

The program recognizes government entities that accomplish the following:

- meet a high standard for financial transparency online and provide citizens with clear, consistent information about public spending in user-friendly formats.
- provide clear and meaningful financial information not only by posting financial documents, but also through summaries, visualizations, downloadable data and other relevant information.

Texas Comptroller Leadership Circle Award - The Texas Comptroller’s Leadership Circle program recognizes local governments across Texas that are striving to meet a high financial transparency online, by providing citizens with a clear, consistent picture of spending and sharing information in a user-friendly format.

The District received the *Texas Comptroller Leadership Circle Platinum Member Award* for 2015 and 2014 which was the highest level achievable and highlights those entities that are setting the bar with their transparency efforts. The district received the *Texas Comptroller Gold Leadership Circle Award* for 2013, the Comptroller’s highest level of achievement at that time.

Meritorious Budget - The Association of School Business Officials International (ASBO) awarded a *Meritorious Budget Award (MBA)* to the District for the June 30, 2024 annual budget. This is the seventh year that the District has achieved the meritorious budget award. The MBA promotes and recognizes excellence in school budget presentation and is conferred only to school districts whose budgets have undergone a rigorous review by financial professionals and have met or exceeded the program’s stringent criteria.

Distinguished Budget - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Distinguished Budget Presentation Award* to the District for its 2017 and 2016 annual budget. In order to receive this prestigious award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operation guide, as a financial plan, and as a communication device.

Acknowledgments

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

We would especially like to thank the District’s Board of Trustees for their time, dedication and support to the District and its personnel and our independent auditors, Burton, McCumber & Longoria, LLP, for their assistance in the preparation of this report.



Dr. Rosalba De Hoyos
Interim Superintendent



Iris Luna, RSTBA
Interim Assistant Superintendent for
Business Operations/Chief
Financial Officer







Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**McAllen Independent School District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO





Principal Officers

<u>Board of Trustees</u> <i>as of May 17, 2023</i>	<u>Length of Service</u>	<u>Term Expires</u>
Mrs. Debbie Crane Aliseda, Place 3 President	10 Years	2025
Mr. Sam Saldivar, Jr., Place 7 Vice President	14 Years	2025
Ms. Sofia M. Peña, Place 6 Secretary	2 Years	2025
Mrs. Erica De La Garza-Lopez, Place 4 Trustee	4 Years	2027
Mrs. Elizabeth (Lizzie) Kittleman, Place 1 Trustee	1 Month	2027
Ms. Lucia Regalado, Place 2 Trustee	1 Month	2027
Mr. Aaron D. Rivera, Place 5 Trustee	1 Month	2027

<u>Administrative Officials</u>	<u>Position</u>	<u>Length of Service</u>
J. A. Gonzalez, Ed. D.	Superintendent of Schools	25 Years
Bridgette Vieh	Associate Superintendent for Instructional Leadership	27 Years
Adel Felix, CPA, CFE	Assistant Superintendent for Business Operations	5 Years
Rosalba De Hoyos, Ed. D.	Assistant Superintendent for Instructional Services	11 Years
Alejandra Gonzalez	Assistant Superintendent for District Operations	15 Years
Todd Miller	Assistant Superintendent for Human Resources	8 Years
Iris Luna, RTSBA	Chief Financial Officer	9 Years





CERTIFICATE OF THE BOARD

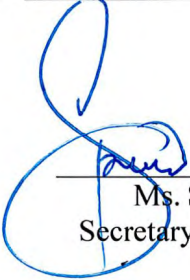
MCALLEN INDEPENDENT SCHOOL DISTRICT,
HIDALGO COUNTY

County Number 108, District Number 906, Region Number 1

We the undersigned, do hereby certify that the audit report above named local education agency for the year June 30, 2023 was reviewed and X approved ___disapproved at a meeting of the Board of such local education agency on the 16th day of November, 2023.



Mrs. Debbie Crane Aliseda
President, Board of Trustees



Ms. Sofia M. Peña
Secretary, Board of Trustees



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
McAllen Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the McAllen Independent School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the McAllen Independent School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in Note 2X to the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No. 96, Subscription Based Information Technology Agreements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 25 through 34 and budgetary comparison information, pension information and other postemployment benefits information on pages 103–110 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Burton, McCumber, & Longoria LLP

McAllen, Texas
November 9, 2023



MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of McAllen Independent School District’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s total net position is \$148,600,739 at June 30, 2023. This amounted to an increase in net position of \$14,933,503 with a prior period adjustment that resulted in a decrease of \$62,704 from last year’s total of \$133,729,940 (Refer to Exhibit B-1, Table A-2 and Note 25). The increase in net position is due to the federal government providing supplemental grants to school districts in response to the Covid-19 Pandemic.
- During the year, the District’s expenses were \$14,933,503 less than the revenues generated in taxes and other revenues for governmental and business-type activities. The prior year expenses were \$61,490,303 less than the revenues.
- The costs of the District’s programs show an increase of 1.22% or \$3,481,907 from the prior year, and the District’s average daily attendance decreased by 3.77%.
- The general fund reported a fund balance this year of \$134,836,211 with \$58,223,760 of this amount unassigned.

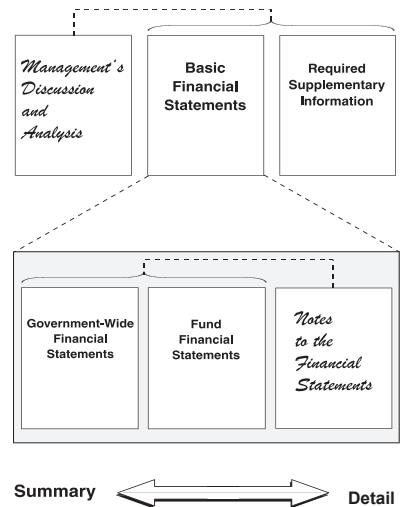
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—*management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and another schedules section that presents various Texas Education Agency required schedules.

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as Project Safe and Secure after school program, and Tuition-Based Pre-K Program.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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



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

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

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

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

Government-wide Statements

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

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

Net position - the difference between the District's assets, liabilities, and deferred inflows/outflows of resources - is one way to measure the District's financial health or position.

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

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities*—Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.
- *Business-type activities*—The District charges fees to customers to help cover the costs of certain services it provides. The District's Project Safe and Secure Program and Tuition-Based Pre-K Program are included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District has Project Safe and Secure after school program and Tuition-Based Pre-K Program. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for the District's other programs and activities—such as the District's Self Insurance Funds.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The District excludes these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The District has student activity accounts.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *net position* increased by \$14,933,503 between fiscal years 2022 and 2023 to \$148,600,739 at June 30, 2023. (Refer to Table A-1)

Table A-1
District's Net Position

	2023	2022	2023	2022	2023	2022	2023-22
Current and Other Assets	\$ 174,337,335	\$ 192,404,059	\$ 849,812	\$ 746,483	\$ 175,187,147	\$ 193,150,542	-9.30%
Capital Assets	236,411,882	211,269,817	-	-	236,411,882	211,269,817	11.90%
Other Non-Current Assets	34,153,910	32,156,437	-	-	34,153,910	32,156,437	6.21%
Total Assets	444,903,127	435,830,313	849,812	746,483	445,752,939	436,576,796	2.10%
Deferred Outflows of Resources	105,581,283	39,073,388	-	-	105,581,283	39,073,388	170.21%
Current Liabilities	38,239,261	41,754,410	17,479	16,894	38,256,740	41,771,304	-8.41%
Long-Term Liabilities	262,656,059	207,349,170	-	-	262,656,059	207,349,170	26.67%
Total Liabilities	300,895,320	249,103,580	17,479	16,894	300,912,799	249,120,474	20.79%
Deferred Inflows of Resources	101,820,684	92,799,771	-	-	101,820,684	92,799,771	9.72%
Net Position:							
Net Investment in Capital Assets	157,218,485	129,965,545	-	-	157,218,485	129,965,545	20.97%
Restricted	36,972,435	37,787,254	-	-	36,972,435	37,787,254	-2.16%
Unrestricted	(46,422,514)	(34,752,449)	832,333	729,590	(45,590,181)	(34,022,859)	-34.00%
Total Net Position	147,768,406	133,000,350	832,333	729,590	148,600,739	133,729,940	11.12%
Prior Period Adjustment	-	(62,704)	-	-	-	(62,704)	-100.00%
Total Net Position - Restated	\$ 147,768,406	\$ 132,937,646	\$ 832,333	\$ 729,590	\$ 148,600,739	\$ 133,667,236	11.17%

Net position of the District's governmental activities increased 11.10% to \$147,768,406. Most of the total net position is either invested in capital assets or is restricted. Unrestricted net position totaled to \$(46,422,514) at the end of this year. The unrestricted balance decreased by 33.58% from the prior year.

The net position of the District's business-type activities increased by 14.08% to \$832,333 these resources cannot be used in governmental activities. The District generally can only use these funds to finance the continuing operations of its business activities such as Project Safe and Secure and Pre-K Tuition Program.

Changes in net position. The District's total revenues decreased by 12.41% to \$304,160,803 (Refer to Table A-2).

Operating Grants represent 23.81%. State Aid-Formula revenues represent 36.59%. Property Taxes make up 32.14%. Charges for Services represent 2.92% while 2.13% comes from Grants and Contributions Not Restricted (Refer to Figure A-3).

The total cost of all programs and services was \$289,227,300; 83.35% of these costs are for instructional and student services.

Governmental Activities

The total property tax rate was \$1.0964 in 2022-2023 and will decrease to \$1.0011 per \$100 assessed property valuation for the 2023-2024 fiscal year. The Maintenance and Operation (M&O) tax rate was \$1.0206 in 2022-2023 and will decrease to \$0.8448 in 2023-2024 as a result of the Voter Approval Tax Ratification Election favorable outcome allowing the District to increase the M&O tax rate by the remaining enrichment pennies available. The Debt Service tax rate was \$0.0758 in 2022-2023 and will increase to \$0.1563 for 2023-2024 due to the Board of Trustees adopting a resolution providing for the defeasance to maturity of certain currently outstanding District obligations. The tax rate change is due to House Bill 3 (HB3) Tier I M&O Tax Compression as well as the Districts favorable outcome to the Voter Approval Tax Ratification Election.

Figure A-3 District Sources of Revenue for Fiscal Year 2023

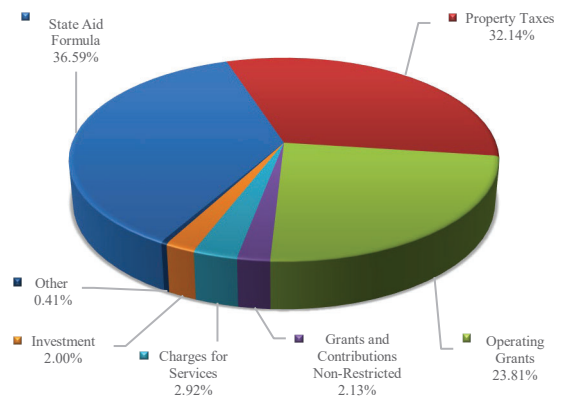


Table A-2 represents the changes in the District's Net Position.

Table A-2
Changes in the District's Net Position

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2023	2022	2023	2022	2023	2022	
Program Revenues:							
Charges for Services	\$ 8,334,828	\$ 13,635,425	\$ 558,390	\$ 457,248	\$ 8,893,218	\$ 14,092,673	-36.89%
Operating Grants & Contributions	72,379,168	120,355,593	27,159	25,189	72,406,327	120,380,782	-39.85%
General Revenues:							
Property Taxes	97,755,486	93,615,484	-	-	97,755,486	93,615,484	4.42%
State Aid-Formula	111,302,894	116,466,793	-	-	111,302,894	116,466,793	-4.43%
Grants & Contributions Not Restricted	6,465,274	2,296,187	-	-	6,465,274	2,296,187	181.57%
Investment Earnings (Losses)	6,083,947	(399,273)	-	-	6,083,947	(399,273)	1623.76%
Miscellaneous	1,253,319	783,050	338	-	1,253,657	783,050	60.10%
Total Revenues	\$ 303,574,916	\$ 346,753,259	\$ 585,887	\$ 482,437	\$ 304,160,803	\$ 347,235,696	-12.41%
Expenses							
Instruction	\$ 148,002,354	\$ 149,109,588	\$ 101,511	\$ 96,978	\$ 148,103,865	\$ 149,206,566	-0.74%
Instructional Resources and Media Services	8,107,400	3,519,981	-	-	8,107,400	3,519,981	130.33%
Curriculum and Staff Development	10,586,943	8,886,489	-	-	10,586,943	8,886,489	19.14%
Instructional Leadership	4,493,799	4,022,225	-	-	4,493,799	4,022,225	11.72%
School Leadership	13,332,361	13,268,340	1,842	1,139	13,334,203	13,269,479	0.49%
Guidance, Counseling and Evaluation Service	13,033,639	12,079,210	-	-	13,033,639	12,079,210	7.90%
Social Work Services	2,650,888	2,182,654	-	-	2,650,888	2,182,654	21.45%
Health Services	3,080,000	3,247,444	-	-	3,080,000	3,247,444	-5.16%
Student (Pupil) Transportation	5,107,094	5,259,356	-	-	5,107,094	5,259,356	-2.90%
Food Services	20,812,868	19,001,478	-	-	20,812,868	19,001,478	9.53%
Extracurricular Activities	11,751,284	10,949,134	-	-	11,751,284	10,949,134	7.33%
General Administration	9,968,146	7,993,518	-	-	9,968,146	7,993,518	24.70%
Facilities Maintenance & Oper.	21,087,884	26,819,675	-	288	21,087,884	26,819,963	-21.37%
Security and Monitoring Services	5,561,241	4,844,285	-	-	5,561,241	4,844,285	14.80%
Data Processing Services	5,689,765	8,191,216	-	-	5,689,765	8,191,216	-30.54%
Community Services	1,622,027	1,534,092	325,456	303,149	1,947,483	1,837,241	6.00%
Debt Service- Interest on Long-Term Debt	2,923,853	3,448,730	-	-	2,923,853	3,448,730	-15.22%
Debt Service - Bond Issuance Cost and Fees	18,573	12,155	-	-	18,573	12,155	52.80%
Payments to Juvenile Justice Alternative Ed. Program	40,000	40,000	-	-	40,000	40,000	0.00%
Appraisal of Property	928,372	934,269	-	-	928,372	934,269	-0.63%
Total Expenses	\$ 288,798,491	\$ 285,343,839	\$ 428,809	\$ 401,554	\$ 289,227,300	\$ 285,745,393	1.22%
Increase (Decrease) in Net Position	\$ 14,776,425	\$ 61,409,420	\$ 157,078	\$ 80,883	\$ 14,933,503	\$ 61,490,303	-75.71%
Transfers	54,335	(596)	(54,335)	596	-	-	0.00%
Total Increase(Decrease)	\$ 14,830,760	\$ 61,408,824	\$ 102,743	\$ 81,479	\$ 14,933,503	\$ 61,490,303	-75.71%
Net Position Beginning	132,937,646	71,591,526	729,590	648,111	133,667,236	72,239,637	85.03%
Net Position Ending	147,768,406	133,000,350	832,333	729,590	148,600,739	133,729,940	11.12%
Prior Year Adjustment	-	(62,704)	-	-	-	(62,704)	-100.00%
Total Net Position - Restated	\$ 147,768,406	\$ 132,937,646	\$ 832,333	\$ 729,590	\$ 148,600,739	\$ 133,667,236	11.17%

- The cost of all *governmental* activities this year was \$288,798,491.
- Some costs were paid by those who directly benefited from the programs through Charges for Services in the amount of \$8,334,828.
- Other costs were paid by Operating Grants and Contributions of \$72,379,168.
- The amount our taxpayers paid for these activities through Property Taxes was \$97,755,486.
- The increase in Investment Earnings was due to increases in interest rates as a result of current market conditions which increased the District's yearly average weighted yield from 0.320% in 2021-2022 to 3.166% in 2022-2023.

Table A-3 represents the cost of each of the District’s largest functions as well as each function’s net cost (total cost less fees generated by the charges for services and operating grants and contributions). The net cost reflects the financial burden that was placed on the District’s taxpayers for each of these functions.

Table A-3
Net Cost of District’s Governmental Activities

	Cost			Net Cost		
	2023	2022	% Change	2023	2022	% Change
Instruction	\$ 148,002,354	\$ 149,109,588	-0.74%	\$ 112,154,396	\$ 75,577,967	48.40%
School Leadership	13,332,361	13,268,340	0.48%	12,729,605	12,254,886	3.87%
Guidance, Counseling and Evaluation	13,033,639	12,079,210	7.90%	10,027,722	8,698,101	15.29%
Food Services	20,812,868	19,001,478	9.53%	(990,902)	(5,249,172)	81.12%
Extracurricular Activities	11,751,284	10,949,134	7.33%	9,395,303	9,435,553	-0.43%
Facilities Maintenance & Operations	21,087,884	26,819,675	-21.37%	17,530,241	14,068,591	24.61%

Business-Type Activities

Revenues of the District’s business-type activities increased 21.44% to \$585,887 and expenses increased 6.79% to \$428,809. (Refer to Table A-2) The factor contributing to the increase in revenues was primarily due to an increase in enrollment in both the Project Safe and Secure and the Tuition Based Pre-Kindergarten Program. The increase in expenses resulted from an increase in support staff extra-duty/overtime pay due to the increase in enrollment as well as salary increases.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Governmental Funds

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

For the fiscal year ended June 30, 2023, the District’s governmental funds reported ending fund balances of \$158,514,084. Of the current ending fund balances, the following categories are recorded and primary uses noted in accordance with GASB No. 54.

- \$1,034,593 is recorded as Nonspendable for Inventories, of which \$771,121 is in Food Service and \$263,472 is in General Fund.
- \$2,796,457 is recorded as Nonspendable for Prepaids, of which \$25,782 is in Food Service; \$499 is in Early Education Allotment; \$57,667 is in Career Technical Education; \$17,216 is in Special Education and \$2,695,293 is in General Fund.
- \$45,151,552 is recorded as Restricted, of which \$5,346,869 is in Food Service; \$14,078,505 is in Federal and State Programs; \$3,766,600 is in Debt Service; and \$13,496,849 is in Retirement of Maintenance Tax Notes; and \$8,462,729 is in Maintenance Tax Notes 2020.
- \$23,051,894 is recorded as Committed, of which \$15,498,195 is for Construction which includes ESSER II - Local; \$1,174,854 is for Campus Activity Funds; and \$6,378,845 is for Other which includes ESSER II - Local.
- \$28,255,828 is recorded as Assigned, of which \$9,955,139 is for Construction; \$6,344,197 is for Equipment; and \$11,956,492 is for Other which includes an ADA contingency due to the unknowns created by the COVID-19 Pandemic.
- \$58,223,760 is recorded as Unassigned and is available for spending at the District’s discretion.

General Fund

The general fund is the chief operating fund of the District. At the end of the fiscal year, the fund balance of the general fund was \$134,836,211. This represents a decrease of \$15,097,362 or 10.07%. Factors listed below contributed to the overall decrease in fund balance to the General Fund.

- The ESSER II – Local committed fund balance decreased by \$12,164,080 due to completed committed projects.
- The Food Service fund balance was used to complete various campus kitchen renovations. This resulted in a decrease in fund balance in the amount of \$2,628,279.

General Fund Budgetary Highlights

At year-end, actual Revenues/Other Resources available were \$3.8 million more than the final budget amount.

- Actual Current Year Levy Taxes was more than the budget in the amount of \$1.1 million
- Actual Interest revenue was more than the budget in the amount of \$400 thousand
- Actual Local Food Service revenue was less than the budget in the amount of \$200 thousand
- Actual State Foundation Entitlement revenue was more than the budget in the amount of \$1.8 million
- Actual Teacher Retirement/TRS Care revenue was less than the budget in the amount of \$1.1 million
- Actual Proceeds from Leases was more than the budget in the amount of \$1.8 million

At year end, actual Expenditures/Other Uses were \$36.5 million less than the final budgeted amount. This budget balance represents non-materialized expenditures of 12.07% due to the residual effects of the COVID-19 pandemic such as backordered items carried forward to 2022-2023 and various funding sources made available. This amount also includes Fund 194 ESSER II – Local unspent budget balance.

Over the course of the year, the District revised and the Board of Trustees approved the budget on a monthly basis.

The District made the following major amendments to revenues:

- Increase in Interest Income
- Increase in Indirect Cost
- Increase in Tax Collections
- Increase in TRS On-behalf
- SHARS Cost Report Settlement 2021
- Increase in Food Service Revenues
- Increase for CDBG Grant from the City of McAllen
- Increase in Sale of Real/Personal Property
- Decrease in State Funding

The District made the following major amendments to appropriations:

- Increase to Salaries as a result from Indirect Cost Revenues from Fund 282 ESSER III
- Increase to TRS On-behalf
- Increase to Food for Supply Chain Assistance Grant for Food Service
- Increase to Support Staff Extra Duty/Over Time Pay
- Increase to Electricity Utilities
- Increase for CDBG Grant for an All-Inclusive Playground at Escandon Elementary

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022-2023, the District's governmental activities had invested \$236,411,883 in capital assets, including land, building and improvements, construction in progress, vehicles, furniture and equipment, lease assets and subscription based information technology arrangements (SBITA). (Refer to Table A-4). In accordance with GASB 34, the District has recorded depreciation expense associated with all of its capital assets.

Table A-4
District's Capital Assets

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2023	2022	2023	2022	2023	2022	Change
Land	\$ 12,166,772	\$ 12,148,272	\$ -	\$ -	\$ 12,166,772	\$ 12,148,272	0.15%
Construction in Progress	35,312,648	14,374,156	-	-	35,312,648	14,374,156	145.67%
Furniture and Equipment in Progress	3,093,046	813,915	-	-	3,093,046	813,915	280.02%
Buildings and Improvements	317,145,592	306,395,423	-	-	317,145,592	306,395,423	3.51%
Furniture and Equipment	57,681,368	61,781,755	75,290	75,290	57,756,658	61,857,045	-6.63%
Vehicles	13,558,101	12,937,270	-	-	13,558,101	12,937,270	4.80%
Lease assets	1,794,284	296,819	-	-	1,794,284	296,819	504.50%
SBITA	869,505	-	-	-	869,505	-	0.00%
Total at historical cost	\$ 441,621,316	\$ 408,747,610	\$ 75,290	\$ 75,290	\$ 441,696,606	\$ 408,822,900	8.04%
Total Accumulated Depreciation	205,209,434	197,477,793	75,290	75,290	205,284,724	197,553,083	3.91%
Net Capital Assets	\$ 236,411,882	\$ 211,269,817	\$ -	\$ -	\$ 236,411,882	\$ 211,269,817	11.90%

The increase in Construction in Progress is due to roof replacements at Memorial, Crockett and Houston; Veterans Memorial Stadium press box renovations; UTRGV-McAllen ISD Collegiate Academy; Kitchen upgrades; HVAC replacements for Lamar and Rowe High School. Additional information about the District's capital assets is presented in Note 6 in the Financial Statements.

Long-Term Debt

Table A-5
District's Long Term Debt

	2023	2022	2023-22
Leases	\$ 1,475,460	\$ 435,340	238.92%
SBITA	314,658	-	0.00%
Compensated Absences	1,717,943	1,727,115	-0.53%
Claims Payable	3,517,143	4,159,915	-15.45%
Bonds and Notes Payable:			
General Obligation Debt	45,137,833	50,939,850	-11.39%
Maintenance Tax Notes	38,251,000	39,196,000	-2.41%
Premium on Tax Notes	4,450,853	4,568,129	-2.57%
Total Bonds and Notes Payable	87,839,686	94,703,979	-7.25%
Total Long Term Debt Payable	\$ 94,864,890	\$ 101,026,349	-6.10%

At year-end, the District had \$94,864,890 in long-term debt outstanding. This represents a decrease of 6.10% over last year as a result of leases, subscription based information technology arrangements (SBITA), compensated absences, claims payable, general obligation debt and maintenance tax notes. More detailed information about the District's debt is presented in Note 12 in the Financial Statements.

Bond Ratings

The District's bonds carry a Standard & Poor's rating "AA-" Moody's assigned "Aa2"

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Budget

- The Preliminary Certified Adjusted Freeze Taxable value used for the 2023-2024 budget increased by \$479,356,279 or 5.74% from \$8,351,046,936 to \$8,830,403,215.
- The District's 2023-2024 budget was planned on 18,240.90 refined average daily attendance, down 14.04 from the near final 2022-2023 actual, a .08% decrease.
- General operating fund budgeted revenue per student increased from \$13,231 in 2022-2023 to \$13,284 in 2023-2024.

These indicators were taken into account when adopting the general fund budget for 2023-2024.

The 2023-2024 budget for the General Fund was approved by the Board of Trustees on June 19, 2023. The 2023-2024 budget was balanced as follows: Revenues of \$241,511,793 equals Expenditures of \$266,011,253 minus Fund Balance of \$24,499,460.

Revenues in the general fund budget for 2023-2024 decreased by 2.36% to \$241,511,793 as compared to the final 2022-2023 final budget of \$247,357,427.

Expenditures in the general fund budget for 2023-2024 decreased by 12.17% to \$266,011,253 as compared to the 2022-2023 final budget of \$302,868,664.

The changes to funding formula elements include: A basic allotment that remains the same (from \$6,160 in 2021-2022 to \$6,160 in 2022-2023 and \$6,160 in 2023-2024 per student), a decreased Per Capita Rate (from \$510.890 in 2021-2022 to \$631.045 in 2022-2023 to \$400.00 in 2023-2024), and an increase in the Guaranteed Yield weight (from \$98.56 in 2021-2022 to \$98.56 in 2022-2023 and \$126.21 in 2023-2024).

There is a decrease in the Child Nutrition Program compared to last year due to the expiration of pandemic-era waivers and flexibilities for Food Service. The temporary increase in reimbursement rates included in the Keep Kids Fed Act are set to expire on June 30, 2023. This change coupled with the decreases in average daily attendance have negatively impacted the child nutrition program revenue projections.

For 2022-2023, the Board of Trustees approved a salary increase for teachers, librarians, non-teaching professionals, paraprofessionals and auxiliary staff. The minimum general salary increase for the teachers and librarians is \$565. The compensation plan indicates the entry level annual salary for beginning "zero" year teachers at a minimum of \$52,150 and new to McAllen ISD with "25+" years' experience at a maximum of \$66,395 annual salary. The compensation plan indicates a salary increase of 1% of pay range midpoint for all other employees.

Administration recommended that all full-time employees, that have completed the tiered years of service criteria (as designated by the District) will receive a one-time Longevity pay, and disbursed on December 22, 2023. If an employee terminates prior to the December disbursement, employee will receive payment with their final check.

The Health Fund, Workers Compensation Fund and Unemployment Fund are self-funded funds. The employer health contribution rate will remain at \$5,828.40 for 2023-2024. The employer contribution of Workers Compensation for 2023-2024 was reduced from a rate of 0.001541 to a rate of 0.000771 with the exception for Food Service, Maintenance, Police and Transportation which was reduced from a rate of

0.013525 to a rate of 0.006763. For the third year, the District has elected to fund the employer contribution of unemployment compensation for 2023-2024 at a rate of \$2.60 per employee per month.

Taxes

The tax rate for 2023-2024 is \$0.8448 for Maintenance & Operations and \$0.1563 for Interest & Sinking for a total tax rate of \$1.0011. The Hidalgo County Appraisal District estimated a .02% decrease in 2023 Net Taxable Property Values. The Hidalgo County Appraisal District reviews and assesses property values based on the local real estate market within the District's geographical taxing jurisdiction.

Facilities

The Facilities Maintenance & Operations Department identified projects as "in progress" as of June 30, 2023, and subsequently allocated funding to assigned fund balance in 2023-2024.

Projects for the Facilities Maintenance & Operations Department consist of camera upgrades at 5 high schools, Instruction & Guidance Center, De Leon Middle School, and Morris Middle School; installation of cameras in the cafeteria and gym at several elementaries; floor covering at Achieve Early College High School; water intrusion gym repairs at Travis Middle School; installation of Memorial High School Press Bo; exhaust installation at Warehouse; portable reallocations district wide; replacement of canopies district wide due to wind damage; and installation of fences for security improvements at several elementaries.

Other projects include intercom replacements at McAllen High School, Memorial High School, Instruction & Guidance Center, Lamar Academy, Travis Middle School, Morris Middle School, De Leon Middle School, Fossum Middle School, Escandon Elementary School, Rayburn Elementary School, Roosevelt Elementary School, Hendricks Elementary School and Thigpen-Zavala Elementary School.

Projects for the Tax Ratification Election that are "in progress" for Facilities Maintenance & Operations Department consist of surveillance camera upgrades at Morris Middle School and De Leon Middle School.

The Facilities Maintenance & Operations Department identified projects as "in progress" as of June 30, 2023, and subsequently allocated funding to committed fund balance in 2023-2024 for Hail Damage projects due to severe hailstorms that hit the District on March 29, 2012, and April 20, 2012. Hail damage projects consist of roof replacement at Crockett Administration Annex.

Additionally, due to the issuance of Maintenance Tax Note Series 2020, projects were identified and have been allocated to the restricted fund balance. These projects consist of construction, renovations and improvements district wide.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Chief Financial Officer, McAllen I.S.D., 2000 North 23rd Street, McAllen, Texas 78501.

BASIC FINANCIAL STATEMENTS



MCALLEN ISD
STATEMENT OF NET POSITION
JUNE 30, 2023

Data Control Codes	Primary Government			
	1 Governmental Activities	2 Business-Type Activities	3 Total	
ASSETS				
1110	Cash and cash equivalents	\$ 13,641,679	\$ 346,189	\$ 13,987,868
1120	Current investments	102,669,816	500,000	103,169,816
1225	Property taxes receivable, net	4,585,443	-	4,585,443
1240	Receivables from other governments	47,782,402	-	47,782,402
1250	Accrued interest	379,994	-	379,994
1260	Internal balances	(3,623)	3,623	-
1290	Other receivables	1,200,049	-	1,200,049
1300	Inventories	1,034,593	-	1,034,593
1410	Prepaid items	3,046,982	-	3,046,982
	Capital assets not subject to depreciation:			
1510	Land	12,166,772	-	12,166,772
1580	Construction in progress	38,405,694	-	38,405,694
	Capital assets net of depreciation:			
1520	Buildings, net	169,031,342	-	169,031,342
1530	Furniture and equipment, net	14,719,908	-	14,719,908
1550	Right-to-use lease asset, net	1,565,244	-	1,565,244
1553	SBITA assets, net	522,922	-	522,922
1890	Other restricted assets	13,429,983	-	13,429,983
1910	Long-term investments	20,723,927	-	20,723,927
1000	Total Assets	<u>444,903,127</u>	<u>849,812</u>	<u>445,752,939</u>
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred charge for refunding	1,973,681	-	1,973,681
1705	Deferred outflow related to pension activities	58,698,127	-	58,698,127
1706	Deferred outflow related to other post-employment benefit activities	44,909,475	-	44,909,475
1700	Total Deferred Outflows of Resources	<u>105,581,283</u>	<u>-</u>	<u>105,581,283</u>
LIABILITIES				
2110	Accounts payable	9,770,462	2,096	9,772,558
2140	Interest payable	1,210,362	-	1,210,362
2150	Payroll deductions and withholdings payable	2,309,982	-	2,309,982
2160	Accrued wages payable	24,607,437	15,383	24,622,820
2180	Due to other governments	70,454	-	70,454
2190	Due to student groups	906	-	906
2300	Unearned revenue	269,658	-	269,658
	Noncurrent Liabilities:			
2501	Due within one year	8,448,340	-	8,448,340
2502	Due in more than one year	86,416,550	-	86,416,550
2540	Net pension liability (District's Share)	108,881,611	-	108,881,611
2545	Net other post-retirement benefit liability (District's Share)	58,909,558	-	58,909,558
2000	Total Liabilities	<u>300,895,320</u>	<u>17,479</u>	<u>300,912,799</u>
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred inflow related to pension activities	8,439,094	-	8,439,094
2606	Deferred inflow related to other post-employment benefit activities	93,381,590	-	93,381,590
2600	Total Deferred Inflows of Resources	<u>101,820,684</u>	<u>-</u>	<u>101,820,684</u>
NET POSITION				
3200	Net investment in capital assets	157,218,485	-	157,218,485
3820	Restricted for federal and state programs	19,425,374	-	19,425,374
3850	Restricted for debt service	4,050,212	-	4,050,212
3890	Restricted - Retirement of Maintenance Tax Note	13,496,849	-	13,496,849
3900	Unrestricted	(46,422,514)	832,333	(45,590,181)
3000	Total Net Position	<u>\$ 147,768,406</u>	<u>\$ 832,333</u>	<u>\$ 148,600,739</u>

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

MCALLEN ISD
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Data Control Codes	1	Program Revenues		
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government				
GOVERNMENTAL ACTIVITIES:				
11	Instruction	\$ 148,002,354	\$ 2,719,776	\$ 33,128,182
12	Instructional resources and media services	8,107,400	4,234	41,688
13	Curriculum and instructional staff development	10,586,943	113,483	5,663,804
21	Instructional leadership	4,493,799	210,533	998,693
23	School leadership	13,332,361	272,838	329,918
31	Guidance, counseling & evaluation services	13,033,639	126,821	2,879,096
32	Social work services	2,650,888	-	547,578
33	Health services	3,080,000	2,188	3,261,594
34	Student (pupil) transportation	5,107,094	2,199	(13,780)
35	Food services	20,812,868	218,442	21,585,328
36	Extracurricular activities	11,751,284	1,399,694	956,287
41	General administration	9,968,146	119,794	219,843
51	Facilities maintenance and operations	21,087,884	3,081,916	475,727
52	Security and monitoring services	5,561,241	13,159	458,169
53	Data processing services	5,689,765	659	414,810
61	Community services	1,622,027	12,452	1,432,231
72	Debt services - interest on long-term debt	2,923,853	-	-
73	Debt services - bond issuance cost and fees	18,573	-	-
95	Payments to juvenile justice alternative ed. prg.	40,000	36,640	-
99	Other intergovernmental charges	928,372	-	-
	[TG] Total Governmental Activities:	<u>288,798,491</u>	<u>8,334,828</u>	<u>72,379,168</u>
BUSINESS-TYPE ACTIVITIES:				
01	Project safe and secure	325,458	477,927	21,387
02	Tuition based pre-k program	103,351	80,463	5,772
	[TB] Total Business-Type Activities:	<u>428,809</u>	<u>558,390</u>	<u>27,159</u>
	[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 289,227,300</u>	<u>\$ 8,893,218</u>	<u>\$ 72,406,327</u>

Data	
Control	
Codes	General Revenues and transfers:
	Taxes:
MT	Property taxes, levied for general purposes
DT	Property taxes, levied for debt service
SF	State aid - formula grants
GC	Grants and contributions not restricted
IE	Investment earnings (losses)
MI	Miscellaneous local and intermediate revenue
FR	Transfers in (out)
TR	Total General Revenues and Transfers
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment
NE	Net Position - Ending

Net (Expenses) Revenues and Changes		
Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (112,154,396)	\$ -	\$ (112,154,396)
(8,061,478)	-	(8,061,478)
(4,809,656)	-	(4,809,656)
(3,284,573)	-	(3,284,573)
(12,729,605)	-	(12,729,605)
(10,027,722)	-	(10,027,722)
(2,103,310)	-	(2,103,310)
183,782	-	183,782
(5,118,675)	-	(5,118,675)
990,902	-	990,902
(9,395,303)	-	(9,395,303)
(9,628,509)	-	(9,628,509)
(17,530,241)	-	(17,530,241)
(5,089,913)	-	(5,089,913)
(5,274,296)	-	(5,274,296)
(177,344)	-	(177,344)
(2,923,853)	-	(2,923,853)
(18,573)	-	(18,573)
(3,360)	-	(3,360)
(928,372)	-	(928,372)
<u>(208,084,495)</u>	<u>-</u>	<u>(208,084,495)</u>
-	173,856	173,856
<u>-</u>	<u>(17,116)</u>	<u>(17,116)</u>
<u>-</u>	<u>156,740</u>	<u>156,740</u>
<u>\$ (208,084,495)</u>	<u>\$ 156,740</u>	<u>\$ (207,927,755)</u>
90,987,618	-	90,987,618
6,767,868	-	6,767,868
111,302,894	-	111,302,894
6,465,274	-	6,465,274
6,083,947	-	6,083,947
1,253,319	338	1,253,657
54,335	(54,335)	-
<u>222,915,255</u>	<u>(53,997)</u>	<u>222,861,258</u>
14,830,760	102,743	14,933,503
133,000,350	729,590	133,729,940
<u>(62,704)</u>	<u>-</u>	<u>(62,704)</u>
<u>\$ 147,768,406</u>	<u>\$ 832,333</u>	<u>\$ 148,600,739</u>

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

MCALLEN ISD
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes	10 General Fund	282 ESSER III	Other Funds	Total Governmental Funds	
ASSETS					
1110	Cash and cash equivalents	\$ 9,660,333	\$ -	\$ 1,827,615	\$ 11,487,948
1120	Investments	83,278,313	-	12,994,819	96,273,132
1225	Property taxes receivable, net	4,242,485	-	342,958	4,585,443
1240	Receivables from other governments	21,600,430	13,636,619	12,253,128	47,490,177
1250	Accrued interest	379,994	-	-	379,994
1260	Due from other funds	18,426,261	250	12,100,260	30,526,771
1290	Other receivables	82,390	-	22,739	105,129
1300	Inventories	1,034,593	-	-	1,034,593
1410	Prepaid items	2,815,022	9,100	29,385	2,853,507
1800	Restricted assets	13,429,983	-	-	13,429,983
1910	Long-term investments	20,723,927	-	-	20,723,927
1000	Total Assets	\$ 175,673,731	\$ 13,645,969	\$ 39,570,904	\$ 228,890,604
LIABILITIES					
2110	Accounts payable	5,047,808	986,352	2,805,294	8,839,454
2150	Payroll deductions and withholdings payable	2,309,983	-	-	2,309,983
2160	Accrued wages payable	21,068,439	643,246	2,895,753	24,607,438
2170	Due to other funds	8,913,641	12,016,371	9,635,184	30,565,196
2180	Due to other governments	4,174	-	36,552	40,726
2190	Due to student groups	906	-	-	906
2300	Unearned revenue	57,910	-	211,748	269,658
2000	Total Liabilities	37,402,861	13,645,969	15,584,531	66,633,361
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable revenues	3,434,659	-	283,616	3,718,275
2602	Deferred inflow of resources - other	-	-	24,884	24,884
2600	Total Deferred Inflows of Resources	3,434,659	-	308,500	3,743,159
FUND BALANCES					
Nonspendable fund balance:					
3410	Inventories	1,034,593	-	-	1,034,593
3430	Prepaid items	2,796,457	-	-	2,796,457
Restricted fund balance:					
3450	Federal or state funds grant restrictions	17,401,272	-	2,024,102	19,425,374
3480	Retirement of long-term debt	-	-	3,766,600	3,766,600
3490	Other restricted fund balance	13,496,849	-	8,462,729	21,959,578
Committed fund balance:					
3510	Construction	15,498,195	-	-	15,498,195
3545	Other committed fund balance	6,378,845	-	1,174,854	7,553,699
Assigned Fund Balance:					
3550	Assigned for construction	1,705,551	-	8,249,588	9,955,139
3570	Capital expenditures for equipment	6,344,197	-	-	6,344,197
3590	Other assigned fund balance	11,956,492	-	-	11,956,492
3600	Unassigned fund balance	58,223,760	-	-	58,223,760
3000	Total Fund Balances	134,836,211	-	23,677,873	158,514,084
4000	Total Liabilities, Deferred Inflows & Fund Balances	\$ 175,673,731	\$ 13,645,969	\$ 39,570,904	\$ 228,890,604

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

MCALLEN ISD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

	Total Fund Balances - Governmental Funds	\$ 158,514,084
1	The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate function in the 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 an increase to net position.	5,395,738
2	Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Capital assets at historical cost, net of depreciation, increases net position.	236,411,882
3	Long-term liabilities including bonds, loans, leases, SBITAs, and compensated absences are not due and payable in the current period and are not reported as liabilities in the funds.	(91,347,747)
4	Federal subsidies are recorded in the governmental funds when received. In the governmental activities, revenue is accrued for the period for which the subsidy was for.	292,222
5	Accrued interest payable does not require current financial resources so it is not reported as a liability in the funds.	(1,210,362)
6	Property taxes, MAC and SHARS receivables are not available soon enough to pay for current periods' expenditures and, therefore, are unavailable in the funds.	3,743,159
7	Gains/losses on defeasance of debt are recognized as deferred credits or charges and amortized over the remaining life of the debt.	1,973,681
8	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resources outflow in the amount of \$58,698,127 a deferred resources inflow in the amount of (\$8,439,094), and a net pension liability in the amount of (\$108,881,611). This resulted in a decrease in net position.	(58,622,578)
9	Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resources outflow in the amount of \$44,909,475, a deferred resources inflow in the amount of (\$93,381,590), and a net OPEB liability in the amount of (\$58,909,558). This resulted in a decrease in net position.	<u>(107,381,673)</u>
10	Net Position of Governmental Activities	<u><u>\$ 147,768,406</u></u>

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

MCALLEN ISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Data Control Codes	10 General Fund	282 ESSER III	Other Funds	Total Governmental Funds	
REVENUES:					
5700	Total local and intermediate sources	\$ 97,243,584	\$ -	\$ 15,556,809	\$ 112,800,393
5800	State program revenues	121,760,994	-	2,529,261	124,290,255
5900	Federal program revenues	30,070,601	26,401,329	22,133,177	78,605,107
5020	Total Revenues	<u>249,075,179</u>	<u>26,401,329</u>	<u>40,219,247</u>	<u>315,695,755</u>
EXPENDITURES:					
Current:					
11	Instruction	117,967,239	14,430,414	17,767,615	150,165,268
12	Instructional resources and media services	3,512,435	2,180	48,984	3,563,599
13	Curriculum and instructional staff development	4,664,116	3,542,478	2,279,842	10,486,436
21	Instructional leadership	3,426,074	71,727	1,234,598	4,732,399
23	School leadership	13,817,580	17,387	357,981	14,192,948
31	Guidance, counseling and evaluation services	10,386,112	633,818	2,501,417	13,521,347
32	Social work services	2,212,414	26,492	540,629	2,779,535
33	Health services	3,031,030	11,995	207,350	3,250,375
34	Student (pupil) transportation	5,938,201	1,718	-	5,939,919
35	Food service	21,147,416	45,254	24,582	21,217,252
36	Extracurricular activities	10,620,964	69,028	906,374	11,596,366
41	General administration	8,644,234	238,613	1,589	8,884,436
51	Facilities maintenance and operations	21,462,099	261,088	220,407	21,943,594
52	Security and monitoring services	5,855,052	23,430	652,437	6,530,919
53	Data processing services	6,076,065	427,298	-	6,503,363
61	Community services	135,001	5,694	1,464,805	1,605,500
Debt Service:					
71	Principal on long term-debt	1,655,020	-	5,175,000	6,830,020
72	Interest on long-term debt	1,811,081	-	1,633,200	3,444,281
73	Bond issuance cost and fees	6,235	-	5,945	12,180
Capital Outlay:					
81	Facilities acquisition and construction	11,590,998	6,592,715	13,894,941	32,078,654
Intergovernmental:					
95	Payment to juvenile justice alternative education	40,000	-	-	40,000
99	Other intergovernmental charges	928,372	-	-	928,372
6030	Total Expenditures	<u>254,927,738</u>	<u>26,401,329</u>	<u>48,917,696</u>	<u>330,246,763</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,852,559)</u>	<u>-</u>	<u>(8,698,449)</u>	<u>(14,551,008)</u>
OTHER FINANCING SOURCES (USES):					
7912	Sale of real and personal property	208,733	-	39,115	247,848
7913	Issuance of leases	1,846,111	-	-	1,846,111
7915	Transfers in	71,451	-	11,353,982	11,425,433
8911	Transfers out	(11,371,098)	-	-	(11,371,098)
7080	Total Other Financing Sources (Uses)	<u>(9,244,803)</u>	<u>-</u>	<u>11,393,097</u>	<u>2,148,294</u>
1200	Net Change in Fund Balances	(15,097,362)	-	2,694,648	(12,402,714)
0100	Fund Balance - (Beginning)	149,933,573	-	21,045,929	170,979,502
1300	Prior Period Adjustment	-	-	(62,704)	(62,704)
3000	Fund Balance - (Ending)	<u>\$ 134,836,211</u>	<u>\$ -</u>	<u>\$ 23,677,873</u>	<u>\$ 158,514,084</u>

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

MCALLEN ISD
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Total Net Change in Fund Balances - Governmental Funds	\$ (12,402,714)
1	The District uses an internal service fund to charge the costs of the health self-insurance plan to appropriate functions in other funds. The net loss of the internal service fund is reported with governmental activities.	(593,254)
2	Capital outlays are reported in the governmental funds as expenditures. In the statement of activities the cost of capital assets, \$38,564,446, is allocated over their useful lives as depreciation expense. Depreciation expense totaled (\$13,643,814) for the year. Assets retired during the period net of depreciation had a net effect on net position totaling (\$50,049).	24,929,769
3	Because some property taxes, MAC and SHARS receivables will not be collected for several months after the District's year end, they are not considered "available" revenues in the governmental funds. This is the change in unavailable revenue.	270,391
4	Payment of principal on long-term debt is an expenditure in the funds but is not an expense in the statement of activities. Repayment of principal totaled \$6,823,626. Bond proceeds, premiums on bond issuance and leases are reported as other financing sources in the funds. Liability associated with new leases totaled (\$1,846,109).	4,977,517
5	Some expenses such as the effect of the change in compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	9,173
6	Governmental funds report premiums, discounts, gains/losses on debt transactions when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. Interest is recorded in the governmental funds when paid but in the statement of activities it is accrued. This is the net impact of amortization of premiums, deferred losses, accretion of interest on capital appreciation bonds and the change in accrued interest.	519,394
7	GASB 68 requires that certain plan expenditures be de-expended and recorded as deferred resources outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$5,982,267. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net pension liability. This caused a decrease in the change in net position totaling \$(7,408,431). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$(7,628,930). The net result is a decrease in the change in net position.	(9,055,094)
8	GASB 75 requires that certain plan expenditures be de-expended and recorded as deferred resources outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,410,714. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net OPEB liability. This caused a decrease in the change in net position totaling \$(1,744,519). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$6,509,383. The net result is an increase in the change in net position.	<u>6,175,578</u>
9	Change in Net Position of Governmental Activities	<u><u>\$ 14,830,760</u></u>

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

MCALLEN ISD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 346,189	\$ 2,153,731
Investments - demand deposit	500,000	6,396,684
Due from other funds	17,136	34,815
Other receivables	-	1,094,921
Prepaid items	-	193,475
Total Current Assets	863,325	9,873,626
Noncurrent Assets:		
Furniture and equipment	75,290	-
Accumulated depreciation on furniture and equipment	(75,290)	-
Total Noncurrent Assets	-	-
Total Assets	863,325	9,873,626
LIABILITIES		
Current Liabilities:		
Accounts payable	2,096	931,006
Accrued wages payable	15,383	-
Due to other funds	13,513	11
Due to other governments	-	29,728
Current portion of other long-term debt	-	1,131,047
Total Current Liabilities	30,992	2,091,792
Noncurrent Liabilities:		
Other long-term debt	-	2,386,096
Total Noncurrent Liabilities	-	2,386,096
Total Liabilities	30,992	4,477,888
NET POSITION		
Unrestricted net position	832,333	5,395,738
Total Net Position	\$ 832,333	\$ 5,395,738

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

MCALLEN ISD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and intermediate sources	\$ 558,390	\$ 26,193,079
State program revenues	27,159	-
	<u>585,549</u>	<u>26,193,079</u>
OPERATING EXPENSES:		
Payroll costs	415,559	27,137,754
Professional and contracted services	8	-
Other operating costs	11,520	-
Supplies and materials	1,722	-
	<u>428,809</u>	<u>27,137,754</u>
Total Operating Expenses	428,809	27,137,754
Operating Income (Loss)	156,740	(944,675)
NONOPERATING REVENUES (EXPENSES):		
Earnings from temporary deposits and investments	-	351,421
Sales of real and personal property	338	-
Transfers in	17,116	-
Transfers out	(71,451)	-
	<u>(53,997)</u>	<u>351,421</u>
Total Nonoperating Revenues (Expenses)	(53,997)	351,421
Change in Net Position	102,743	(593,254)
Total Net Position - Beginning	<u>729,590</u>	<u>5,988,992</u>
Total Net Position - Ending	<u>\$ 832,333</u>	<u>\$ 5,395,738</u>

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

MCALLEN ISD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities Total Enterprise Funds	Governmental Activities Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash received from customers	\$ 670,779	\$ -
Interfund services provided and used	-	27,029,044
Cash payments to employees for services	(377,513)	(889,243)
Cash payments for claims	-	(26,846,206)
Cash payments for suppliers for goods and services	(13,414)	-
Net Cash Provided by (Used for) Operating Activities	279,852	(706,405)
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Transfers in	17,116	-
Transfers out	(71,113)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	(53,997)	-
<u>Cash Flows from Investing Activities:</u>		
Purchase of investment securities	-	300,729
Proceeds from sale and maturities of securities	-	1,330,180
Interest and dividends on investments	-	351,421
Net Cash Used for Investing Activities	-	1,982,330
Net increase (decrease) in cash and cash equivalents	225,855	1,275,925
Cash and Cash Equivalents at Beginning of Year	120,334	877,806
Cash and Cash Equivalents at End of Year	\$ 346,189	\$ 2,153,731
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:</u>		
Operating income (loss):	\$ 156,740	\$ (944,675)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Effects of Increases and Decreases in Assets and Liabilities:		
Decrease (increase) in receivables	(1)	300,254
Decrease (increase) in interfund receivables	112,460	535,712
Decrease (increase) in prepaid items	-	-
Increase (decrease) in accounts payable	(164)	37,069
Increase (decrease) in current portion of long-term liabilities	820	(632,412)
Increase (decrease) in interfund payables	10,067	11
Increase (decrease) in unearned revenue	(70)	-
Increase (decrease) in due to other governments	-	7,996
Increase (decrease) in other long-term liabilities	-	(10,360)
Net Cash Provided by (Used For) Operating Activities	\$ 279,852	\$ (706,405)

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

MCALLEN ISD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Private-Purpose Trust Funds	Custodial Funds Student Activity Funds
ASSETS		
Cash and cash equivalents	23,645	\$ 751,615
Other receivables	-	1,236
Prepaid items	-	7,540
Total Assets	\$ 23,645	\$ 760,391
LIABILITIES		
Accounts payable	23,645	\$ 34,422
Due to student groups	-	-
Accrued Wages Payable	-	1,332
Total Liabilities	23,645	35,754
NET POSITION		
Restricted for student activities	-	724,637
Total Net Position	\$ -	\$ 724,637

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

MCALLEN ISD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Private-Purpose Trust Funds	Custodial Funds Student Activity Funds
Additions:		
Student activity revenues	\$ -	\$ 680,441
Total Operating Revenue	-	680,441
Deductions:		
Student activities	-	617,150
Total Operating Expenses	-	617,150
Change in Net Position	-	63,291
Net Position - Beginning, as restated	-	661,346
Total Net Position - Ending	\$ -	\$ 724,637

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

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NOTE 1 – REPORTING ENTITY

Membership of Board - The Board of Trustees includes seven eligible members elected at large by the qualified voters of the McAllen Independent School District. The governing Board derives its powers from the statutes of the State of Texas and the rules and regulations of the Texas State Department of Education. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by GASB Statement 14, *The Financial Reporting Entity*. The District has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

Government-Wide Statements:

The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Substantially, all of the effects of interfund activities have been removed from these statements. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements. Governmental activities generally are supported through taxes, intergovernmental revenues, and other non-exchange transactions and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities.

Program revenues include:

- (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and
- (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

A. Basis of Presentation (Continued)

Fund Financial Statements:

The fund financial statements provide information about the District’s funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column.

All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds, “Other Funds” and “Nonmajor Enterprise Funds.”

The District reports the following major governmental fund:

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

ESSER III. This fund accounts for federal stimulus funds granted to the District through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless children and youth with services considering challenges of the coronavirus, enable homeless children and youth to attend school and participate fully in school activities.

Additionally, the District reports the following fund types:

Enterprise Funds. These funds account for the operations of the safe and secure program and the tuition-based pre-kindergarten program. The expenses for these funds are financed through user charges.

Internal Service Funds. These unbudgeted funds account for the operations of a self-funded health and worker’s compensation insurance and unemployment claims. These funds account for services to other District funds, as well as, related operating expenses.

Private Purpose Trust Funds. These are reported in the fund financial statements. Since the resources in the Private Purpose Trust funds are held in a trustee or agent capacity and are, therefore, not available to support District programs, these funds are not included in the government-wide statements. The District maintains the assets for the scholarship fund.

Custodial Funds. These are reported in the fund financial statements. These funds are held in a custodial capacity by a school district, and they consist of funds that are the property of students and are, therefore, not available to support District programs, these funds are not included in the government-wide statements.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

B. Basis of Accounting/Measurement Focus (Continued)

Government-wide, Proprietary and Fiduciary Fund Financial Statements:

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus. These financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

The principal operating revenues of the District's enterprise funds and of the District's internal services funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements:

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they become available and measurable. The District considers revenues as available if they are collected within 60 days after the District's fiscal year. Revenues susceptible to accrual are property taxes, fiscal year state funding, and interest revenues. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under leases are reported as other financing sources.

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.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

B. Basis of Accounting/Measurement Focus (Continued)

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

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

C. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB Statement No. 33.

In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

D. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows, investments are considered to be cash equivalents if they are highly liquid with maturity within three months or less.

F. Investments

Money market investments which are short-term, highly liquid debt instruments including commercial paper, banker’s acceptances and U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investments in entities (such as investment pools) that calculate Net Asset Value per Share and follow the requirements of GASB Statement No. 79 are also reported at amortized cost. Nonparticipating interest-earning investment contracts are reported using a cost-based measure.

The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. All other investments are reported at fair value.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectible. Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in the District in conformity with Subtitle E, Texas Property Tax Code.

Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

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

Accrued liabilities primarily consist of amounts accrued for salaries and self-insurance claims.

H. Inventory

Inventory is valued at average cost. The District accounts for school supplies and food inventories by using the consumption method whereby expenditures are recognized only when inventory items are used. Reported inventories are equally offset by a fund balance non-spendable category in the fund level statements which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Commodity inventory is offset by unearned revenue.

I. Prepaid Items

Prepaid items are payments made that will benefit periods beyond June 30, 2023. This amount includes prepaid expenses for unexpired insurance policy premiums paid by June 30, 2023 which extend beyond that date and prepaid administrative charges for appraisal district functions. Prepaid items are recorded as expenditures when consumed rather than when purchased. In the fund financial statements for the General Fund, the reported amounts are equally offset by a fund balance non-spendable category, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Prepayments from Special Revenue Funds will not be offset by a fund balance non-spendable category since the resources for these funds are restricted.

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

Asset Class	Estimated Useful Lives
Infrastructure	15
Buildings & Improvements	10-75
Vehicles/Buses	2-12
Furniture and Equipment	2-15

K. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

L. Deferred Outflows of Resources and Deferred Inflows of Resources

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

Deferred outflows of resources—a consumption of net assets by the government that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expenditure/expenses) until then. It has a positive effect on net position, similar to assets.

Deferred inflows of resources—an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Deferred Outflows of Resources

In the government-wide financial statements, insurance costs arising from the issuance of debt are reported as deferred outflows and amortized over the term of the related debt. Deferred amounts from a refunding of debt (debits) are reported as deferred outflows of resources and are amortized over the lesser life of the refunded bonds or refunding debt.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

L. Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Deferred outflows of resources for pension and OPEB are reported in the government-wide financial statement of net position. Deferred outflows result from pension and OPEB plan contributions made after the measurement date of the net pension and net OPEB liabilities. Deferred outflows also include the District's proportionate share of the deferred outflows of resources of the TRS plan. These deferred outflows include the differences between expected and actual economic experience and changes in actuarial assumptions. The deferred outflows of resources related to the District's contributions which are subsequent to the measurement date will be recognized as a reduction of the net pension and net OPEB liabilities in the next fiscal year.

Deferred Inflows of Resources

Deferred amounts from refunding debt (credits) are reported as deferred inflows of resources and are amortized over the lesser life of the refunded bonds or refunding debt.

Deferred inflows of resources for pension and OPEB are reported in the government-wide financial statement of net position. These deferred inflows result primarily from differences between projected and actual earnings on pension and OPEB plan investments.

Deferred Outflows and Deferred Inflows of Resources by Source for the Pension Plan as a whole

The recognition period for amortizing the deferred outflows and deferred inflows of resources is set forth by GASB Statement No. 68, paragraph 71. Depending on the specific deferral, the period is defined as either a fixed, 5-year period or equal to the Average Expected Remaining Service Life of all members in the plan, measured as of the beginning of the measurement period which was 5.7052 years.

Deferred Outflows and Deferred Inflows of Resources by Source for the OPEB Plan as a whole

The recognition period for amortizing the deferred outflows and deferred inflows of resources is set forth by GASB Statement No. 75, paragraph 86. Depending on the specific deferral, the period is defined as either a fixed, 5-year period or equal to the Average Expected Remaining Service Life of all members in the plan, measured as of the beginning of the measurement period which was 9.2179 years.

M. Unearned Revenue

Grant amounts and donations received in advance of meeting requirements are reported as unearned revenue. Payments received prior to June 30, 2023 for the 2024 fiscal year Pre-K tuition and Safe and Secure program are reported as unearned revenue under the business-type activities.

N. Fair Value Measurements

GASB Statement No. 72 requires the District to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

N. Fair Value Measurements (Continued)

Level 2 inputs are other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

There are three general valuation techniques that may be used to measure fair value. The market approach uses prices generated by market transactions involving identical or comparable assets or liabilities. The cost approach uses the amount that currently would be required to replace the service capacity of an asset (replacement cost). The income approach uses valuation techniques to convert future amounts to present amounts based on current market expectations.

O. Compensated Absences

All sick pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the fund financial statements only if they have matured, for example, as a result of employee retirement.

P. Long-term Obligations

In the government-wide financial statements and proprietary funds type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are recorded 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 and tax notes issuance costs incurred, are expensed in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Pension

The District is a member employer of the Teacher Retirement System of Texas (TRS) and, therefore, records its proportionate share of the pension liability and related accounts in these financial statements.

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

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

R. Other Post-Employment Benefits

The fiduciary net position of the TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care’s fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

S. Internal Service Fund Activity

Because the principal users of the internal service activities are the District’s governmental activities, the financial statement of the internal service fund is consolidated into the governmental activities column when presented in the government-wide financial statements. Only the net profit or loss before investment income is allocated to the operating programs benefited. The investment income is combined with other unrestricted income as general revenue in the statement of activities.

T. Government-wide Net Position

Net position represents assets plus deferred outflows of resources minus liabilities and deferred inflows of resources. The District’s net position is composed of the following:

Net Investment in Capital Assets - The investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets.

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

Restricted for Debt Service - The component of net position that reports the difference between assets and liabilities of the Debt Service Funds net of accrued interest at June 30, that consists of assets with constraints placed on their use by the bond covenants.

Restricted-Retirement of Maintenance Tax Note - The component of net position that consists of installments made to a sinking fund until Maintenance Tax Qualified School Construction Notes Series 2011 matures in 2026.

Unrestricted - The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not reported in net position invested in capital assets, net position restricted for debt service, net position restricted for state and federal programs or in net position restricted for retirement of maintenance tax note.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

U. Fund Balance

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance and unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

There are two major categories of fund balances, which are non-spendable and spendable.

Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The District has inventories and prepaid items that are considered non-spendable. The District does not have any non-spendable funds related to endowments.

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

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

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

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

U. Fund Balance (Continued)

- Assigned fund balances contain self-imposed constraints of the District to be used for a particular purpose. The Board has, by Local Policy CE, authorized the Superintendent, or designee, to assign fund balance. The Board, Superintendent or designee may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. An additional action does not have to be taken for the removal of an assignment.
- Unassigned fund balance of the general fund is not constrained for any particular purpose. The general fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

V. Accounting System

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

W. Data Control Codes

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

X. Current Year Implementations

As of July 1, 2022, the District adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). This statement requires recognition of a right to use SBITA asset and a corresponding SBITA liability. The SBITA liability should be initially measured at the present value of the SBITA payments expected to be made during the SBITA term. Future SBITA payments should be discounted using the interest rate the SBITA vendor charges or the incremental borrowing rate if the interest rate isn't readily determinable. The discount of the SBITA liability should be amortized and recognized as an outflow of resources. The SBITA asset is measured as the sum of the initial SBITA liability plus any payments made to the SBITA vendor before commencement of the SBITA term, implementation costs, less any incentives received from the SBITA vendor at or before commencement of the SBITA term. Amortization of the SBITA asset is recognized as an outflow of resources over the SBITA term.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Y. New Accounting Standards

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

- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections*
- Statement No. 101, *Compensated Absences*

GASB Statement No. 99 addresses the classification and reporting of derivative instruments with the scope of GASB Statement No. 53, Accounting and Financial Reporting for derivative Instruments. This requirement is effective for fiscal years beginning after June 15, 2023. GASB Statement No. 99 also provides clarification of provisions in GASB Statement No. 87, Leases, GASB Statement No. 94, Public- Private and Public-Public Partnerships and Availability Payment Arrangements and GASB Statement No. 96, Subscription-Based Information Technology Arrangements. These requirements are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Lastly, GASB Statement No. 99 provides an extension of the period during which the London Interbank Offered Rate is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the supplemental nutrition assistance program, disclosures related to nonmonetary transactions, pledges of future revenue when resources are not received by the pledging government, clarification of provisions in GASB Statement No. 34, terminology updates related to certain provisions of GASB Statement No. 63, and terminology used in Statement 53 to refer to resource flows statements. These requirements are effective June 15, 2023, and all reporting periods thereafter.

The objective of GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections. Changes in accounting principles and in accounting estimates that result from a change in measurement methodology, a new principal or methodology should be justified on the basis that it is preferable to the principal or methodology used before the change. This statement also requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101 requires that liabilities for compensated absences be recognized for leave that has not been used and for leave that has been used but not yet paid in cash or settled through noncash means. This Statement also requires that a liability for certain types of compensated absences, including parental leave, military leave, and jury duty leave, not be recognized until the leave commences. This Statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability as long as it's identified as a net change. This requirement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Y. New Accounting Standards (Continued)

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

B. COMPLIANCE AND ACCOUNTABILITY

NOTE 3 – FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

Expenditures Exceeding Appropriations

For the year ended June 30, 2023, overall the District did not have expenditures exceeding appropriated amounts.

Deficit Fund Balances of Individual Funds or Deficit Net Position

The District does not have funds with deficit fund balances at year end. The District has a negative unrestricted net position in the Governmental Activities of \$46,422,514 at year end. The result of this negative balance is due to prior years’ implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

C. DETAILED NOTES ON ALL FUNDS

NOTE 4 – PROPERTY TAXES

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On February 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Property tax revenues are considered available when they are collected within the current period or within 60 days after the District’s fiscal year.

The District’s 2022 tax rate was \$1.0206 for maintenance and operation and \$0.0758 for debt service per \$100 assessed valuation. Allowances for uncollectible within the General and Debt Service Funds are based upon historical experience in collecting property taxes. The assessed valuation of \$9,021,211,760 used to determine the tax rates represents 100% of the fair market value of the property. Education Code section 45.003 limits a school district’s Maintenance & Operation rate for any year. The rate may not exceed the rate equal to the sum of \$0.17 and the product of the state compression percentage as determined by Section 48.255 multiplied by \$1.00. The Texas Education Code requires school districts to demonstrate to the Texas Attorney General the projected ability to pay all debt issued after September 1, 1992, with a rate not to exceed \$0.50.

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 4 – PROPERTY TAXES (Continued)

Taxes Receivable at June 30, 2023 is as follows:

	Receivable	Uncollectible	Property Taxes Receivable, net
General Fund	\$ 6,655,504	\$ 2,413,019	\$ 4,242,485
Debt Service Fund	499,894	156,936	342,958
	\$ 7,155,398	\$ 2,569,955	\$ 4,585,443

NOTE 5 – DEPOSITS AND INVESTMENTS

Deposits

The District’s funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. During the year, the depository bank placed approved pledged securities with the District’s agent bank to cover the bank deposits as authorized by Chapter 2257, Collateral for Public Funds of the Government Code, 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). At year-end, the carrying amount of the District’s deposits was \$14,760,898 and the bank balance of \$15,815,622.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be covered by depository insurance, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name.

The District’s cash deposits at June 30, 2023 and during the year ended June 30, 2023 were covered by pledged securities held in the District’s name by a bank other than the pledging bank.

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

- a. Name of Bank: Frost Bank
- b. The amount of pledged securities as of the date of the highest combined balance on deposit was \$35,424,619.
- c. The largest combined balances of cash and savings accounts amounted to \$27,246,649 and occurred during the month of October 2022.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS *(Continued)*

NOTE 5 – DEPOSITS AND INVESTMENTS *(Continued)*

Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. The Act requires an annual review of the investment policy and investment strategy. The District’s management believes that it complied with the requirements of the Act and the District’s investment policies.

The District’s investment policies and types of investments are governed by the Public Funds Investments Act (“Act”) of 1995. The following types of investment instruments are authorized:

- 1) Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009
- 2) Certificates of deposit and share certificates as permitted by Government Code 2256.010
- 3) Fully collateralized repurchase agreements as permitted by Government Code 2256.011
- 4) A securities lending program as permitted by Government Code 2256.0115
- 5) Banker’s acceptances as permitted by Government Code 2256.012
- 6) Commercial paper as permitted by Government Code 2256.013
- 7) No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014
- 8) A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements as established by Government Code 2256.015
- 9) Public funds investment pools as permitted by Government Code 2256.016

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. Information on the credit rating and credit risk associated with debt securities (excluding U.S. government obligations and obligations guaranteed by the full faith and credit of the U.S. government), external investment pools, money market funds, bond mutual funds and other pooled investments of fixed-income securities at year-end is required.

State law and the District’s Investment Policy restrict depository time and demand deposits to those fully collateralized or FDIC insured from eligible depositories (banks) doing business in Texas. By policy, depository CDs are limited to maturities not exceeding two (2) years and require collateralization to 102% with pledged securities (and 110% if collateral is a mortgage backed security). All collateral is to be held by an independent custodian. The pledging bank is contractually responsible for monitoring and maintaining the collateral margins daily. Brokered CD securities must be FDIC insured and delivered versus payment to the District’s depository.

The maximum maturity for brokered CDs is one year and FDIC insurance must be verified before purchase. The policy requires that FDIC status of the brokered CD banks be monitored weekly and any mergers exposing the District to non-FDIC coverage requires immediate liquidation.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

State law and the District’s adopted Investment Policy limit repurchase agreements to primary dealers or banks doing business in Texas. The policy requires independent safekeeping of collateral, and a 102% margin on collateral. Repurchase agreements are limited to a maximum maturity of three (3) years executed under a Master Repurchase Agreement. Constant dollar, local-government investment pools, as by state law (2256.016) and approved by the adopted Policy are authorized. By state law, all local government pools are rated AAA or equivalent by at least one Nationally Recognized Securities Ratings Organization (NRSRO). All pools by Policy must strive to maintain a \$1 NAV.

Debt issued by states, local governments and other political subdivisions must be general obligations of the issuer and be rated A or better by at least one NRSRO and are restricted to two (2) years to maturity.

AAA rated, SEC registered money market mutual funds are authorized if they strive to maintain a \$1 NAV.

The Qualified School Construction Note Funds are defined as a separate sub-portfolio which has a maximum stated maturity and weighted average maturity of five (5) years. The policy restricts all other investments to a maximum stated maturity of two (2) years and also restricts the portfolio to a weighted average maturity of 365 days.

As of June 30, 2023:

- holdings in local government investment pools rated AAAM represented 56.99% of the total portfolio.
- holdings in fully FDIC insured or collateralized interest-bearing bank accounts represented 10.31% of the total portfolio.
- holdings in commercial paper obligations represented 1.92% of the total portfolio.
- holdings in Municipal Bond obligations represented 7.94% of the total portfolio.
- holdings in U.S. government agency obligations represented 22.84% of the total portfolio.

Interest-rate Risk

Interest-rate risk reduces the exposure to changes in interest rates that could adversely affect the value of investments. The District shall use final and weighted-average-maturity data. In order to limit interest and market rate risk from changes in interest rates, the District’s adopted Investment Policy sets a maximum maturity of two (2) years. The total portfolio has a dollar weighted average maturity (WAM) limit of 365 days. The investment in the QSCN Reserve Fund has a maturity of 285 days in keeping with its specific policy and goals. The District’s investment in TexPool and Lone Star are available daily. The dollar weighted average maturity of the total portfolio was 89 days.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act.

The District’s adopted Investment Policy requires diversification on all authorized investment types and monthly monitoring of credit ratings. See concentrations of investments detailed under the credit risk section above.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"). Chapter 2256 of the Texas Government Code, in addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the fair value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

The District’s investments at June 30, 2023 are shown as follows:

	Reported Amount	Weighted Average Maturity (days)	Standard & Poor's Rating
<i>Reported at Amortized Cost</i>			
TexPool Government Investment Fund	\$ 10,982,045	26	AAAm
TexPool Prime Investment Fund	11,063,796	34	AAAm
Lone Star Corporate Investment Fund	39,560,851	26	AAAm
Lone Star Government Investment Fund	26,091,091	23	AAAm
<i>Reported at Fair Value (Level 2)</i>			
Commercial Paper	2,950,644	107	A-1
FFCB	34,465,086	335	Varies
Municipal Bond	12,157,130	127	Varies
	\$ 137,270,643		

The District’s investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality.

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

Public Funds Investment Pools (Continued)

The following is a reconciliation of the District’s total cash:

Deposits	\$	14,760,898
Investments		137,270,644
Petty cash		2,230
Restricted cash		53,082
Total	<u>\$</u>	<u>152,086,854</u>
Exhibit A-1		
Cash and cash equivalents	\$	13,987,868
Current investments		103,169,816
Long-term investments		20,723,927
Other restricted assets		13,429,983
Total Exhibit A-1	<u>\$</u>	<u>151,311,594</u>
Exhibit E-1		
Fiduciary cash and cash equivalents	\$	775,260
Total Exhibit E-1	<u>\$</u>	<u>775,260</u>

Restricted Cash and Investments

Restricted cash and investments in the amount of \$53,082 in the general fund is set aside for future payment of the Maintenance Tax Qualified School Construction Notes. The restricted cash to pay future requirements of the tax notes is offset in the restricted fund balance of the General Fund.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Transfers In/out	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 12,148,272	\$ 3,470,405	\$ -	\$ (3,451,905)	\$ 12,166,772
Construction in progress	14,374,156	27,519,875	-	(6,581,383)	35,312,648
Furniture and equipment in progress	813,915	2,501,525	-	(222,394)	3,093,046
	<u>27,336,343</u>	<u>33,491,805</u>	<u>-</u>	<u>(10,255,682)</u>	<u>50,572,466</u>
Capital assets being depreciated:					
Buildings and improvements	306,395,423	934,221	(413,308)	10,229,256	317,145,592
Furniture and equipment	61,781,755	1,045,050	(5,356,863)	211,427	57,681,368
Vehicles	12,937,270	812,520	(191,689)	-	13,558,101
Lease assets	296,819	1,497,465	-	-	1,794,284
SBITA	-	598,384	-	271,121	869,505
	<u>381,411,267</u>	<u>4,887,640</u>	<u>(5,961,860)</u>	<u>10,711,804</u>	<u>391,048,850</u>
Less accumulated depreciation for:					
Buildings and improvements	140,139,019	8,353,290	(378,059)	-	148,114,250
Furniture and equipment	47,576,512	3,981,532	(5,342,065)	-	46,215,979
Vehicles	9,700,864	794,407	(191,689)	-	10,303,582
Lease assets	61,398	167,642	-	-	229,040
SBITA	-	346,583	-	-	346,583
Total Accumulated Depreciation	<u>197,477,793</u>	<u>13,643,454</u>	<u>(5,911,813)</u>	<u>-</u>	<u>205,209,434</u>
Total Capital Assets Being Depreciated (Net)	<u>183,933,474</u>	<u>(8,755,814)</u>	<u>(50,047)</u>	<u>10,711,804</u>	<u>185,839,417</u>
Governmental Activities Capital Assets (Net)	<u>\$ 211,269,817</u>	<u>\$ 24,735,990</u>	<u>\$ (50,047)</u>	<u>\$ 456,122</u>	<u>\$ 236,411,882</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 6 – CAPITAL ASSETS (Continued)

Business-Type Activities Nonmajor Enterprise Fund	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Furniture and equipment	\$ 75,290	\$ -	\$ -	\$ 75,290
	<u>75,290</u>	<u>-</u>	<u>-</u>	<u>75,290</u>
Less accumulated depreciation for:				
Furniture and equipment	75,290	-	-	75,290
Total Accumulated Depreciation	<u>75,290</u>	<u>-</u>	<u>-</u>	<u>75,290</u>
Total Capital Assets Being Depreciated (Net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets (Net)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation was charged to the following functions:

Governmental Activities:

11 – Instruction	\$ 4,974,376
12 – Instruction and instructional related services	135,548
13 – Curriculum and instructional staff development	17,525
21 – Instructional leadership	6,655
23 – School leadership	88,250
31 – Guidance, counseling and evaluation services	20,585
32 – Social work services	8,057
33 – Health services	13,421
34 – Student transportation	532,264
35 – Food services	785,336
36 – Extracurricular activities	1,489,214
41 – General administration	372,381
51 – Facilities, maintenance and operations	4,738,288
52 – Security and monitoring services	157,114
53 – Data processing services	304,278
61 – Community services	<u>162</u>
Total depreciation expense-governmental activities	<u>\$ 13,643,454</u>

Business-Type Activities:

Nonmajor funds – Project Safe and Secure Depreciation	<u>\$ -</u>
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MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 7 – INTERFUND RECEIVABLES/PAYABLES

Interfund receivable and payable balances at June 30, 2023 were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 6,397,796
Nonmajor Governmental Funds	General Fund	8,861,690
Enterprise	General Fund	17,136
Internal Service Fund	General Fund	34,815
General Fund	ESSER III	12,016,371
Nonmajor Governmental Funds	Nonmajor Governmental Funds	3,237,388
	Exhibit C-1	<u>\$ 30,565,196</u>
General Fund	Internal Service Fund	11
General Fund	Enterprise Fund	12,084
Internal Service Fund	Enterprise Fund	\$ 1,429
	Exhibit D-1	<u>\$ 13,524</u>

These balances result from the time lag between the dates that transactions such as year-end payroll accruals, indirect cost, worker’s compensation adjustments and other year-end accruals are recorded in the accounting system and payments between the funds are made. All amounts are scheduled to be repaid within one year.

NOTE 8 – DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables and payables as of June 30, 2023, for the District’s individual major, nonmajor, internal service funds and enterprise funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Esser III</u>	<u>Internal Service Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Property taxes receivable, net	\$ 4,242,484	\$ 342,958	\$ -	\$ -	\$ -	\$ 4,585,442
Other receivables	\$ 82,390	\$ 22,739	\$ -	\$ 1,094,921	\$ -	\$ 1,200,050
Accrued Liabilities:						
Accrued wages payable	\$21,068,439	\$ 2,895,753	\$643,246	\$ -	\$ 15,383	\$24,622,821
Payroll deductions and withholdings payable	2,309,983	-	-	-	-	2,309,983
	<u>\$23,378,422</u>	<u>\$ 2,895,753</u>	<u>\$643,246</u>	<u>\$ -</u>	<u>\$ 15,383</u>	<u>\$26,932,804</u>

Other receivables do not have any allowances associated with them. See Note 14 for further detail regarding risk financing and claims payable.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 9 – DUE TO AND FROM OTHER GOVERNMENTS

Amounts due to and from other governments are reflected in the following funds:

	<u>General Fund</u>	<u>ESSER III</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
Federal/State Funding:					
Texas Education Agency	\$ 18,897,713	\$ 13,636,619	\$ 7,526,014	-	\$ 40,060,346
Texas Department of Agriculture					
National School Lunch/Breakfast	2,085,797	-	-	-	2,085,797
Fresh Fruit and Vegetable Program	27,658	-	-	-	27,658
Texas Retirement System (TRS)	4,000	-	-	-	4,000
Federal Agencies	38,904	-	3,745,513	-	3,784,417
County of Hidalgo Tax Collections	512,978	-	37,847	-	550,825
Other	33,380	-	943,754	-	977,134
Exhibit C-1	<u>\$ 21,600,430</u>	<u>\$ 13,636,619</u>	<u>\$ 12,253,128</u>	<u>-</u>	<u>\$ 47,490,177</u>
Due from U.S. Treasury QSC Notes Subsidy					292,225
Exhibit A-1					<u>\$ 47,782,402</u>
Due To Other Governments:					
Due to State of Texas Ex. C-1	\$ 4,174	\$ -	\$ 336	\$ -	\$ 4,510
Due to Texas Education Agency Ex. C-1	-	-	93	-	93
Due to Federal Agencies EX. C-1	-	-	36,123	-	36,123
Due to U. S. Treasury Ex. D-1	-	-	-	29,728	29,728
Exhibit A-1	<u>\$ 4,174</u>	<u>\$ -</u>	<u>\$ 36,552</u>	<u>\$ 29,728</u>	<u>\$ 70,454</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 10 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period.

In the fund level financial statements, the District has the following deferred inflows of resources:

	General Fund	Nonmajor Governmental Fund	Total
Property Taxes, unavailable	\$ 3,434,659	\$ 283,616	\$ 3,718,275
MAC	-	24,884	\$ 24,884
SHARS, unavailable	-	-	-
E Rate	-	-	-
Totals Exhibit C-1	\$ 3,434,659	\$ 308,500	\$ 3,743,159

In the government-wide financial statements (Exhibit A-1), the District reports cumulative deferred charge on refunding as deferred outflows of resources in the amount of \$2,273,480 net of cumulative amortization of \$299,799 or \$1,973,681.

Deferred outflows resources and deferred inflows resources related to pensions and OPEB are \$103,607,602 and \$101,820,684, respectively. See related details at Note 13 regarding pensions and Note 21 regarding Retiree Health Care Plan (OPEB).

NOTE 11 – UNEARNED REVENUES

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

The following summarizes unearned revenues:

Advances on donations	\$ 57,910
Refundable advances	211,748
Exhibit C-1	\$ 269,658

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 12 – LONG-TERM OBLIGATIONS

Governmental Activities

Long-Term Debt

Changes in debt long-term obligations for the year ended June 30, 2023 are as follows:

Governmental Activities	Beginning Balance 7/1/2022	Increase	Decrease	Ending Balance 6/30/2023	Due within One Year
Bonds Payable					
General obligation bonds	\$ 45,220,000	\$ -	\$ 5,175,000	40,045,000	\$ 5,340,000
Premium on bonds	5,719,850	-	627,017	5,092,833	-
Sub-Total Bonds	<u>50,939,850</u>	<u>-</u>	<u>5,802,017</u>	<u>45,137,833</u>	<u>5,340,000</u>
Leases	435,340	1,497,465	457,345	1,475,460	591,854
SBITA	-	560,939	246,281	314,658	202,263
Maintenance tax notes	39,196,000	-	945,000	38,251,000	990,000
Premium on tax note	4,568,129	-	117,276	4,450,853	-
Total Long-Term Debt	<u>95,139,319</u>	<u>2,058,404</u>	<u>7,567,919</u>	<u>89,629,804</u>	<u>7,124,117</u>
Other Long-Term Liabilities					
Compensated absences	1,727,115	284,367	293,539	1,717,943	193,176
Claims payable	4,159,915	1,120,687	1,763,459	3,517,143	1,131,047
Total Other Long-Term Liabilities	<u>5,887,030</u>	<u>1,405,054</u>	<u>2,056,998</u>	<u>5,235,086</u>	<u>1,324,223</u>
Total Governmental Activities	<u>\$ 101,026,349</u>	<u>\$ 3,463,458</u>	<u>\$ 9,624,917</u>	<u>\$ 94,864,890</u>	<u>\$ 8,448,340</u>

Bonded debt will be paid by the Debt Service Fund, claims payable will be paid by the Internal Service Fund, compensated absences will be paid by the General Fund and Federal and State Funds, as applicable, and the Maintenance Tax Notes debt will be paid by the General Fund.

Bonds Payable

Bonds payable at June 30, 2023 are comprised of the following:

Unlimited Tax School Building and Refunding Bonds:

\$8,075,000 Series 2020A due in varying installments through 2030, interest at 2% to 5%	\$ 8,005,000
\$32,800,000 Series 2020B due in varying installments through 2030, interest at 3% to 4%	<u>32,040,000</u>
	<u>\$ 40,045,000</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 12 – LONG-TERM OBLIGATIONS (Continued)

Debt service requirements are as follows:

Year Ending June 30,	Bonds Payable		Total Requirements
	Principal	Interest	
2024	\$ 5,340,000	\$ 1,389,000	\$ 6,729,000
2025	5,290,000	1,165,500	6,455,500
2026	5,475,000	985,900	6,460,900
2027	5,695,000	766,900	6,461,900
2028	5,885,000	584,600	6,469,600
2029-2030	12,360,000	597,450	12,957,450
	<u>\$ 40,045,000</u>	<u>\$ 5,489,350</u>	<u>\$ 45,534,350</u>

Maintenance Tax Qualified School Construction Notes

Maintenance tax notes payable are comprised of the following at June 30, 2023:

2011 \$16,485,000 Maintenance tax notes payable in annual installments of \$1,175,000 to \$1,180,000 to a sinking fund until the tax notes mature in 2026, with interest at 4.66% due semi-annually, February 2013 to February 2026. TEC Code Sec. 45.108.	\$ 16,485,000
2012 \$901,000 Maintenance tax notes payable in annual installments of \$60,000 to \$66,000 through August 2026, with interest at 4.24% due semi-annually, February 2013 to August 2026. TEC Code Sec. 45.108.	261,000
2020 \$24,010,000 Maintenance tax notes payable in annual installments of \$785,000 to \$1,815,000 through February 2039, with interest at 4%-5% due semi-annually, August 2020 to February 2039. TEC Code Sec. 45.108.	<u>21,505,000</u>
	<u>\$ 38,251,000</u>

Tax levies are pledged to the payment of interest and principal of the tax notes.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 12 – LONG-TERM OBLIGATIONS (Continued)

All maintenance tax notes requirements to term, including the required installments that must be made to a sinking fund for the \$16,485,000 issue, are as follows:

Year Ending June 30,	Maintenance Tax Notes			Total Requirements
	Principal/ Sinking Fund	Interest	Interest Subsidy Available	
2024	\$ 2,170,000	\$ 1,739,939	\$ 777,889	\$ 3,132,050
2025	2,215,000	1,690,933	775,133	3,130,800
2026	2,265,000	1,639,677	772,377	3,132,300
2027	1,136,000	817,699	1,399	1,952,300
2028	1,120,000	762,800	-	1,882,800
2029-2039	16,400,000	4,343,900	-	20,743,900
	\$ 25,306,000	\$ 10,994,948	\$ 2,326,798	\$ 33,974,150
General Fund				
Restricted Assets				12,945,000
Total Requirements	\$ 25,306,000			\$ 46,919,150

This debt will be paid by the General Fund. Under Code Section 6431(f), the District receives federal assistance on the interest requirements. For the fiscal year 2022-2023, the District received federal assistance of \$736,372.

Funds are required by ordinance to be set aside to pay the maintenance tax notes debt. The fair value of investments in a sinking fund is \$11,429,984 and is recorded as restricted assets in the General Fund. These funds are managed by a Trustee and are currently invested in federal agency obligations and municipal bonds. Other Restrictions of Fund Balances in the balance sheet includes this amount.

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS *(Continued)*

NOTE 12 – LONG-TERM OBLIGATIONS *(Continued)*

Lease assets payable – Governmental Funds

Lease assets payable at June 30, 2023 are as follows:

Lease assets payable to Synovia Solutions, LLC for 90 GPS units, 5 annual payments of \$48,600, with an imputed interest rate of 5.89% from February 2022 through February 2026.	\$130,159
Lease assets payable to Insight Investments, LLC for Chromebook’s, 4 annual payments of \$849,395 with an imputed interest rate of .552% from August 2020 through August 2023.	192,960
Lease assets payable to Pitney Bowes Inc. for postage meters, 18 quarterly payments of \$5,970 with an imputed interest rate of 6.993% from September 2021 through December 2025.	54,341
Lease assets payable to Wells Fargo Financial Services for Phase I of Toshiba copiers, 4 annual payments of \$322,001 with an interest rate of 6.93% from March 2023 to March 2026.	846,105
Lease assets payable to Wells Fargo Financial Services for Phase II of Toshiba copiers, 4 annual payments of \$87,144 with an interest rate of 12.18% from May 2023 to May 2026.	208,651
Lease assets payable to Wells Fargo Financial Services for Phase III of Toshiba copiers, 4 annual payments of \$12,662 with an interest rate of 10.93% from August 2023 to August 2026.	43,244
	\$ 1,475,460

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 12 – LONG-TERM OBLIGATIONS (Continued)

Year Ending June 30,	Lease Payable		Total Requirements
	Principal	Interest	
2024	\$ 591,854	\$ 96,466	\$ 688,320
2025	425,564	68,723	494,287
2026	446,629	35,719	482,348
2027	11,414	1,248	12,662
	<u>\$ 1,475,461</u>	<u>\$ 202,156</u>	<u>\$ 1,677,617</u>

The leases have been recorded at the present value of their future minimum lease payments as of the inception date. All lease requirements are funded by the General Fund.

The asset acquired through lease is as follows:

	Governmental Activities
Lease Assets	\$ 1,794,285
Less: Accumulated Depreciation	229,040
	<u>\$ 1,565,245</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 12 – LONG-TERM OBLIGATIONS (Continued)

Subscription Based Information Technology Arrangement (SBITA) – Governmental Funds

SBITA’s at June 30, 2023 are as follows:

3 year SBITA with Eplus Group Inc for an advanced threat prevention subscription from January 2023 through January 2026. 3 annual payments of \$107,792 in which \$23,667 is for support, for a total of \$323,376 and an imputed interest rate of 5.715%. A \$20,000 installation and configuration fee was charged and is not included in the liability. As of June 30, 2023 the district had a liability of: \$ 154,522

3 year SBITA with HUDL from September 2022 through September 2025. 3 annual payments of \$34,800 for a total of \$104,400 and an imputed interest rate of 5.53%. As of June 30, 2023 the district had a liability of: 64,096

3 year SBITA with Perry weather for athletic software from May 2021 through May 2024. 3 annual payments of \$6,000 totaling \$18,000 with an imputed interest rate of 2.42%. As of June 30, 2023 the district had a liability of: 5,859

2 year 8 months SBITA payable to Insight Public Sector for Cisco voice flex subscription from September 2021 through May 2024. First payment of \$264,532 of which \$167,766 was for equipment and not included in the liability and 4 annual payments of \$93,496, total of \$638,518 with an imputed interest rate of 3.71%. As of June 30, 2023 the district had a liability of: 90,181

\$ 314,658

Year Ending	SBITA payable		Total
June 30,	Principal	Interest	Requirements
2024	\$ 202,263	\$ 16,159	\$ 218,422
2025	112,395	6,530	118,925
	\$ 314,658	\$ 22,689	\$ 337,347

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 12 – LONG-TERM OBLIGATIONS (Continued)

SBITA Assets and their related accumulated depreciation:

	Governmental Activities
SBITA Assets	\$ 869,505
Less: Accumulated Depreciation	346,583
	\$ 522,922

Advance Refunding in Prior Year

In 2021, the District advance refunded \$32,910,000, Series 2013A Bonds and \$8,715,000, Series 2013B Bonds. The District issued Series 2020A Bonds in the amount of \$8,075,000 and Series 2020B Bonds in the amount of \$32,800,000 to be placed in an irrevocable escrow account to provide for all future debt service payments on the old bonds.

On February 15, 2023, the 2013A and 2013B bonds were fully refunded. As of June 30, 2023, the District did not have any defeased bonds outstanding.

Compensated Absences

It is the District’s policy to allow employees the opportunity to receive a one-time payment for accumulated unused leave. Any employee who retires through the Teacher Retirement System of Texas and is in compliance with Board Policy DEC (LOCAL) shall be eligible for compensation. A one-time payment of unused leave (all types) shall be processed to a maximum of 75 days. The compensation rate for professional employees is \$125 per day and \$70 per day for paraprofessional and auxiliary personnel.

NOTE 13 – PENSION PLAN OBLIGATIONS

Defined Benefit Pension Plan

A. Plan Description

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

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 13 – PENSION PLAN OBLIGATIONS (Continued)

Defined Benefit Pension Plan (Continued)

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 Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov>; 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% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used.

The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

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

D. Contributions

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

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 13 – PENSION PLAN OBLIGATIONS (Continued)

Defined Benefit Pension Plan (Continued)

D. Contributions (Continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025. Contribution Rates can be found in the TRS 2022 ACFR, Note 11, on page 85.

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
Current fiscal year employer contributions	\$ 7,101,178	
Current fiscal year member contributions	\$ 14,073,913	
2022 measurement year NECE on-behalf contributions	\$ 7,145,494	

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 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.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 13 – PENSION PLAN OBLIGATIONS (Continued)

Defined Benefit Pension Plan (Continued)

D. Contributions (Continued)

In addition to the employer contributions listed, there is a surcharge an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.7% of the member’s salary beginning in fiscal year 2022, gradually increasing to 2% 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, 2021 actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the 2022 TRS ACFR, Note 11, page 87.

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91%
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
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, 2021. For a full description of these assumptions, please see the actuarial valuation report dated November 12, 2021.

F. Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity are made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 13 – PENSION PLAN OBLIGATIONS (Continued)

Defined Benefit Pension Plan (Continued)

F. Discount Rate (Continued)

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 7.00%. 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, 2022 (see page 54 of the TRS ACFR) are summarized below:

Asset Class	Target Allocation** %	Long-Term Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity*	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return*	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity			
Risk Parity	8.00%	4.60%	0.43%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
Expected Return			8.19%

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY2022 policy model

*** Capital Market Assumptions come from the Aon Hewitt (as of 8/31/2022)

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

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 13 – PENSION PLAN OBLIGATIONS (Continued)

Defined Benefit Pension Plan (Continued)

G. Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate. The discount rate can be found in the 2022 TRS ACFR, Note 11, page 87.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District’s proportionate share of the net pension liability	\$ 169,378,503	\$ 108,881,611	\$ 59,846,040

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

At June 30, 2023, the District reported a liability of \$108,881,611 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	\$ 108,881,611
State’s proportionate share that is associated with District	<u>90,909,292</u>
Total	<u>\$ 199,790,903</u>

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 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, 2021 through August 31, 2022.

At August 31, 2022, the employer’s proportion of the collective net pension liability was 0.1834029430% which was an increase of 0.0494121773% from its proportion measured as of August 31, 2021.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 13 – PENSION PLAN OBLIGATIONS (Continued)

Defined Benefit Pension Plan (Continued)

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Changes since the Prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year’s Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25% to 7.00%.

For the year ended June 30, 2023, the District recognized pension expense of \$23,727,259 and revenue of \$8,689,898 for support provided by the State.

At June 30, 2023, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 1,578,775	\$ 2,373,825
Changes in actuarial assumptions	20,288,188	5,056,383
Difference between projected and actual investment earnings	10,757,155	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	20,091,742	1,008,886
Total as of August 31, 2022 measurement date	\$ 52,715,860	\$ 8,439,094
Contributions paid to TRS subsequent to the measurement date	5,982,267	-
Total as of fiscal year-end	\$ 58,698,127	\$ 8,439,094

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:

<u>Year Ended June 30,</u>	<u>Pension Expense</u>
	<u>Amount</u>
2024	\$ 10,538,365
2025	7,600,406
2026	5,193,507
2027	16,518,778
2028	4,425,709
Thereafter	1

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 13 – PENSION PLAN OBLIGATIONS (Continued)

Defined Benefit Pension Plan (Continued)

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Beginning Balance	Additions	Retirements	Ending Balance
Net Pension Liability	\$ 34,122,706	\$ 83,317,028	\$ 8,558,123	\$ 108,881,611

NOTE 14 – RISK MANAGEMENT

A. General

During the fiscal year, the District maintained insurance for all governmental functions it may be liable for claims. The more significant of these included a property insurance policy covering District buildings and properties in an aggregate amount of \$75,000,000 for all perils, except named storm of \$50,000,000.

During the fiscal year, the District made various property damage claims and received insurance recoveries totaling approximately \$5,926. None of these events resulted in an impaired asset.

The District participated in a public entity risk pool (the Program) for all other significant governmental functions that it may be liable for claims. The more significant of these includes \$1,000,000 of general liability insurance.

Provisions of the Program require annual contributions based on a risk-funding plan developed by the Program. In addition, the terms of the Program allow the Program to collect an adjusted contribution if the Program’s operations for any given fund year are inadequate to pay the ultimate cost of claims incurred in that fund year.

This adjusted contribution may be collected from a member who no longer participates in the Program if the year was attributable to a member’s participation year. The Program shall provide excess coverage to ensure the Program’s financial integrity.

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

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS *(Continued)*

NOTE 14 – RISK MANAGEMENT *(Continued)*

B. Health and Dental Benefit Plan

During the year ended June 30, 2023, employees of the McAllen Independent School District were covered by a health care insurance plan (the Plan) which is accounted for in the Internal Service Fund. The plan year runs from January 1 through December 31. The District contributed premiums of \$466.50 for medical and \$18 for dental per employee per month through the plan year ending December 31, 2022 and renewed the same amounts on January 1, 2023 which continued through the District's fiscal year-end of June 30, 2023. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. The Plan was authorized by Section 21.922, Texas Education Code, and was documented by contractual agreement.

The contract between the McAllen Independent School District and the third-party administrator is renewable each January 1, and terms of coverage and contribution costs are included in the contractual provisions. In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through American National Life Insurance Company of Texas.

For the plan year, stop-loss coverage was in effect for individual claims exceeding \$330,000. Minimum aggregate retention was \$30,557,512 with an unlimited maximum aggregate benefit. Management believes that adequate funding plans have been made for all incurred and anticipated claims at June 30, 2023.

C. Worker's Compensation

The District has a self-insured worker's compensation program which is accounted for in the Internal Service Fund. The District is self-insured for individual claims up to \$400,000. Management believes that adequate funding has been made for all incurred and anticipated claims at June 30, 2023.

D. Claims Liabilities

The claims for worker's compensation insurance and health insurance liability of \$3,517,143 of which \$2,386,096 is long-term, reported in the Internal Service Fund at June 30, 2023, is based on the requirements of Governmental Accounting Standards Board Statement No. 10. This Statement requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 14 – RISK MANAGEMENT (Continued)

D. Claims Liabilities (Continued)

Changes in the Fund’s claims liability amount in fiscal year 2022 and 2023 were:

	2022		2023	
	Health	Worker's Compensation	Health	Worker's Compensation
Beginning of fiscal year claims	\$ 693,559	\$ 2,653,728	\$ 1,285,469	\$ 2,874,446
Current year claims and changes in estimates	21,687,488	694,145	22,841,386	782,283
Claim payments net of stop loss	(21,095,578)	(473,427)	(23,565,394)	(701,047)
End of fiscal year claims liability	<u>\$ 1,285,469</u>	<u>\$ 2,874,446</u>	<u>\$ 561,461</u>	<u>\$ 2,955,682</u>

NOTE 15 – REVENUES

Revenues of the District consist of the following:

Local and intermediate revenues in Governmental Fund Types consist of property taxes and related penalties & interest (87%), shared services arrangement (2%), and the remaining from gifts and bequests, food service activities, athletic activities, and co-curricular student activities (11%).

State program revenues are primarily comprised of foundation monies received from the Texas Education Agency and other miscellaneous state program reimbursements.

Federal program revenues include all federal grants direct from federal agencies or passed through from the Texas Education Agency or other state and local entities.

NOTE 16 – GENERAL FUND FEDERAL SOURCE REVENUES

The following summarizes general fund federal program revenues:

	ALN Number	Amount
National School Lunch/Breakfast	10.555/10.553	\$ 17,442,584
Child and Adult Care Food Program	10.558	1,713,535
Commodity Supplemental Food Program	10.555	1,157,093
Fresh Fruit and Vegetable Program	10.582	141,042
Junior Reserve Officer Training Corps	12.U01	204,163
Community Development Block Grants/Entitlement Grants	14.218	155,334
Medicaid	Not applicable	1,321,969
SHARS	Not applicable	1,679,537
Maintenance Tax Notes Subsidy Federal Government	Not applicable	736,372
E-Rate	Not applicable	128,114
Indirect Cost Revenue Various Federal Programs	Various	5,390,859
Total For General Fund		<u>\$ 30,070,602</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 17 – OTHER FINANCING SOURCES (USES) AND TRANSFERS

Other financing sources, uses and transfers during the fiscal year are as follows:

	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Fund	Internal Service Fund	Total
Sale of real and personal property	\$ 208,733	\$ 39,115	\$ 338	\$ -	\$ 248,186
Issuance of leases	1,846,111		-	-	1,846,111
Transfers in/out	(11,299,647)	11,353,982	(54,335)	-	-
	<u>\$ (9,244,803)</u>	<u>\$ 11,393,097</u>	<u>\$ (53,997)</u>	<u>\$ -</u>	<u>\$ 2,094,297</u>

During the year, the District transferred \$11,353,982 from the General Fund to the Capital Projects Fund to help cover the costs of the UTRGV-McAllen ISD Collegiate Academy.

NOTE 18 – SHARED SERVICE ARRANGEMENT

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

The District, acting as the fiscal agent, receives monies from the granting agencies and administers the program. The fiscal agent is responsible for employment of personnel, budgeting, accounting and reporting. According to guidance provided in Texas Education Agency’s Resource Guide, the District has accounted for the activities of the SSA in the appropriate Special Revenue Funds. Additionally, the SSA is accounted for using the Accounting and Reporting Treatment Guidance section of the Resource Guide.

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 18 – SHARED SERVICE ARRANGEMENT (Continued)

According to the SSA agreement, costs incurred by the SSA shall be divided among the Member Districts in proportion to the number of students of each member district attending the Regional Day School program. Expenditures allocated to the SSA members as of June 30, 2023 are summarized below:

Member District	Fund			Total
	315	340	435	
Donna	\$ 17,175	\$ 9	\$ 138,083	\$ 155,267
Edcouch-Elsa	5,153	3	41,425	46,581
Edinburg	12,595	-	101,261	113,856
Excellence in Leadership	573	1	4,603	5,177
Hidalgo	1,145	1	9,206	10,352
IDEA	16,603	16	133,481	150,100
La Joya	20,610	15	165,700	186,325
La Villa	573	-	4,603	5,176
McAllen	28,053	18	225,536	253,607
Mercedes	2,863	2	23,014	25,879
Mission	11,450	7	92,056	103,513
Progreso	1,145	-	9,206	10,351
PSJA	6,298	-	50,631	56,929
Rio Grande City	10,878	8	87,453	98,339
Roma	6,298	3	50,631	56,932
Sharyland	11,450	9	92,056	103,515
South Texas	1,145	1	9,206	10,352
Triumph Public High Schools	1,718	2	13,808	15,528
Valley View	4,008	3	32,219	36,230
Vanguard	5,725	6	46,028	51,759
Weslaco	16,030	10	128,878	144,918
Total Allocated	<u>\$ 181,488</u>	<u>\$ 114</u>	<u>\$ 1,459,084</u>	<u>\$ 1,640,686</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 19 – CONTINGENT LIABILITIES

- A. The District participates in a number of state and federally assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District’s compliance with applicable grant requirements will be finally determined at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.
- B. The District is independently self-insured for health and worker’s compensation insurance. Claims paid are reported in the Internal Service Fund. Claims incurred but not reported have been considered in determining the accrual for claims and the District management believes adequate accruals have been provided at June 30, 2023.
- C. The District participates in a public entity risk pool for various governmental functions. The District believes any adjustments to premiums for claims would be immaterial.
- D. The District is involved in various legal proceedings arising from its operations. Management in consultation with its attorneys believes the outcomes will have no material effect on the District’s financial position.

NOTE 20 – COMMITMENTS AND ENCUMBRANCES

- A. At June 30, 2023, the District had the following remaining construction commitments:

Project	Authorization	Expended	Remaining	Sources
Roof Replacement - Memorial, Crockett, Houston	\$3,436,000	\$ 2,281,849	\$1,154,151	MTN20 Fund
Veterans Memorial Stadium Press box	4,114,000	2,985,795	1,128,205	Capital Projects Fund
Field Turf - McHi	1,958,500	1,919,200	39,300	General Fund
Parking Lot Paving - Wilson, McHi	390,819	32,435	358,384	MTN20 Fund
Black Box Theater - McHi, Memorial, Rowe	375,375	20,000	355,375	General Fund
Fire Alarm Upgrades - Various Campuses	672,279	594,756	77,523	MTN20 Fund
Restroom Partition Upgrades - Various Campuses	189,350	171,420	17,930	MTN20 Fund
Surveillance Cameras Upgrade - De Leon, Morris	491,519	324,634	166,885	General Fund
UTRGV-McAllen ISD Collegiate Academy	23,400,000	6,598,934	16,801,066	Capital Projects Fund
Kitchen Upgrades - Various Campuses	11,475,299	6,319,927	5,155,372	Special Revenue & General Fund
HVAC - Lamar, Rowe	9,316,500	8,511,266	805,234	MTN20, Special Revenue & General Fund
	<u>\$55,819,641</u>	<u>\$ 29,760,216</u>	<u>\$26,059,425</u>	

- B. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end do not constitute expenditures or liabilities because the commitments will be honored in the subsequent year.

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 20 – COMMITMENTS AND ENCUMBRANCES (Continued)

As of June 30, 2023, the District had the following encumbrances outstanding:

Major Funds		Nonmajor Funds		Total
General Fund	ESSER III	Special Revenue Funds	Capital Project Funds	Governmental Funds
\$ 3,162,427	\$ 6,159,903	\$ 85,988	\$ 21,223,887	\$ 30,632,205

NOTE 21 – RETIREE HEALTH CARE PLAN

A. Plan Description

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

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

B. OPEB Plan Fiduciary Net Position

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

C. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension 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.

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 21 – RETIREE HEALTH CARE PLAN (Continued)

C. Benefits Provided (Continued)

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

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

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

<u>Contribution Rates</u>		
	<u>2022</u>	<u>2023</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 1,681,744
Current fiscal year member contributions		\$ 1,143,534
2022 measurement year NECE on-behalf contributions		\$ 2,464,996

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS *(Continued)*

NOTE 21 – RETIREE HEALTH CARE PLAN *(Continued)*

D. Contributions (Continued)

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

E. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. 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, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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

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

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 21 – RETIREE HEALTH CARE PLAN (Continued)

E. Actuarial Assumptions (Continued)

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Salary Increases	3.05% to 9.05%, including inflation
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.
Ad hoc post-employment benefit changes	None

F. Discount Rate

A single discount rate used to measure the total OPEB liability was 3.91%. There was increase of 1.96% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

G. Discount Rate Sensitivity Analysis

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

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 21 – RETIREE HEALTH CARE PLAN (Continued)

G. Discount Rate Sensitivity Analysis (Continued)

	1% Decrease in Discount Rate (2.91%)	Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District’s proportionate share of the net OPEB liability	\$ 69,459,040	\$ 58,909,558	\$ 50,363,123

H. OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the District reported a liability of \$ 58,909,558 for its proportionate share of the TRS’s net OPEB. 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	\$ 58,909,558
State’s proportionate share that is associated with the District	<u>71,860,405</u>
Total	<u>\$ 130,769,963</u>

The net OPEB liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 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, 2021 through August 31, 2022.

At August 31, 2022, the employer’s proportion of the collective net OPEB liability was 0.2460305072% which was an increase of 0.0567805473% from its proportion measured as of August 31, 2021.

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District’s proportionate share of the net OPEB liability	\$ 48,541,741	\$ 58,909,558	\$ 72,350,098

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 21 – RETIREE HEALTH CARE PLAN (Continued)

H. OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period: These can be found in the 2022 TRS ACFR on page 77.

- The discount rate changed from 1.95% as of August 31, 2021 to 3.91%, as of August 31, 2022. This change decreased the total OPEB liability.

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(14,962,436) and revenue of \$(10,197,572) for support provided by the State.

At June 30, 2023, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 3,275,163	\$ 49,076,949
Changes in actuarial assumptions	8,973,093	40,926,856
Difference between projected and actual investment earnings	175,476	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	31,075,029	3,377,785
Total as of August 31, 2022 measurement date	\$ 43,498,761	\$ 93,381,590
Contributions paid to TRS subsequent to the measurement date	1,410,714	-
Total as of fiscal year-end	\$ 44,909,475	\$ 93,381,590

MCALLEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 21 – RETIREE HEALTH CARE PLAN (Continued)

H. OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

	<u>Year Ended June 30,</u>		<u>OPEB Expense</u>	
			<u>Amount</u>	
	2024		\$(11,199,644)	
	2025		(11,199,008)	
	2026		(8,700,848)	
	2027		(5,318,785)	
	2028		(6,023,121)	
	Thereafter		(7,441,423)	
	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u>
	<u>Balance</u>			<u>Balance</u>
Net OPEB Liability	\$ 73,002,166	\$(12,071,859)	\$ 2,020,749	\$ 58,909,558

I. Medicare Part D – On Behalf Payments for Reporting Entities

Funding Policy. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries, also known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. The amount of subsidy reimbursement received by TRS on behalf of the District for the period ending June 30, 2023, 2022 and 2021, was estimated at \$911,008, \$743,414 and \$721,006, respectively, and was recognized by the District.

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

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 22 – FUND BALANCE

The District has classified its fund balances as follows:

Description	Other Governmental Funds				Total Governmental Funds
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	
Fund Balances:					
Nonspendable:					
Inventories	\$ 1,034,593	\$ -	\$ -	\$ -	\$ 1,034,593
Prepaid items	2,796,457	-	-	-	2,796,457
Restricted:					
Food service/federal grant	5,346,869	286,732	-	-	5,633,601
State programs	12,054,403	1,737,370	-	-	13,791,773
Retirement of long-term debt	-	-	3,766,600	-	3,766,600
Other restricted fund balance					
Capital projects	-	-	-	8,462,729	8,462,729
Retirement of maintenance tax notes	13,496,849	-	-	-	13,496,849
Committed:					
Construction	15,498,195	-	-	-	15,498,195
Campus activity funds	-	1,174,854	-	-	1,174,854
Other committed fund balance	6,378,845	-	-	-	6,378,845
Assigned:					
Construction	1,705,551	-	-	8,249,588	9,955,139
Capital expenditures for equipment	6,344,197	-	-	-	6,344,197
Other assigned fund balance	11,956,492	-	-	-	11,956,492
Unassigned:	<u>58,223,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,223,760</u>
Total Fund Balance	<u>\$ 134,836,211</u>	<u>\$ 3,198,956</u>	<u>\$ 3,766,600</u>	<u>\$ 16,712,317</u>	<u>\$ 158,514,084</u>

Other Committed fund balance consists of ESSER II – Local projects. Other Assigned fund balance includes carry-forward purchase orders from 2022-2023, budget deficit and a one-time longevity pay stipend for eligible full-time employees approved by the Board of Trustees.

The District has not established a contingency reserve or “Rainy Day Fund” but monitors an optimum fund balance that targets an estimated two and a half months (75 days) average cash disbursements balance.

NOTE 23 – ROUNDING ADJUSTMENTS

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

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. DETAILED NOTES ON ALL FUNDS *(Continued)*

NOTE 24 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 9, 2023 which is the date these financial statements were available to be issued. On November 7, 2023, a Voter-Approval Tax Ratification Election (VATRE) resulted in a favorable vote to increase the Maintenance and Operations (M&O) tax rate by \$0.0414 resulting in a total tax rate of \$1.0011. This rate consists of an M&O rate of \$0.8448 and an Interest and Sinking (I&S) rate of \$0.1563. The \$0.1563 I&S rate is due to the Board of Trustees adopting a resolution providing for the defeasance to maturity of certain currently outstanding District obligations. The total tax rate decreased by \$0.0953 from the previous year.

NOTE 25 – PRIOR PERIOD ADJUSTMENTS

During the current fiscal year, a prior period adjustment of \$62,704 was made to correct revenue from the instructional material allotment that was not deferred in fiscal year 2022.



REQUIRED SUPPLEMENTARY INFORMATION



MCALLEN ISD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	\$ 87,854,590	\$ 95,881,567	\$ 97,243,584	\$ 1,362,017
5800	State program revenues	122,747,887	121,026,895	121,760,994	734,099
5900	Federal program revenues	24,168,809	30,218,712	30,070,601	(148,111)
5020	Total Revenues	<u>234,771,286</u>	<u>247,127,174</u>	<u>249,075,179</u>	<u>1,948,005</u>
EXPENDITURES:					
Current:					
0011	Instruction	111,529,775	127,304,025	117,967,239	9,336,786
0012	Instructional resources and media services	3,439,107	3,558,264	3,512,435	45,829
0013	Curriculum and instructional staff development	4,485,953	5,118,902	4,664,116	454,786
0021	Instructional leadership	3,232,831	3,460,363	3,426,074	34,289
0023	School leadership	13,078,246	13,923,823	13,817,580	106,243
0031	Guidance, counseling and evaluation services	9,892,119	10,678,173	10,386,112	292,061
0032	Social work services	1,938,730	2,233,116	2,212,414	20,702
0033	Health services	3,011,681	3,175,468	3,031,030	144,438
0034	Student (pupil) transportation	4,394,173	6,413,011	5,938,201	474,810
0035	Food service	19,375,000	23,484,011	21,147,416	2,336,595
0036	Extracurricular activities	11,106,630	11,960,910	10,620,964	1,339,946
0041	General administration	7,751,869	8,859,027	8,644,234	214,793
0051	Facilities maintenance and operations	26,638,858	24,064,458	21,462,099	2,602,359
0052	Security and monitoring services	4,787,045	8,121,987	5,855,052	2,266,935
0053	Data processing services	4,866,183	6,363,687	6,076,065	287,622
0061	Community services	110,373	159,706	135,001	24,705
Debt Service:					
0071	Principal on long-term debt	4,468,698	2,601,530	1,655,020	946,510
0072	Interest on long-term debt	1,786,696	1,805,276	1,811,081	(5,805)
0073	Bond issuance cost and fees	9,700	9,700	6,235	3,465
Capital Outlay:					
0081	Facilities acquisition and construction	21,022,428	27,185,034	11,590,998	15,594,036
Intergovernmental:					
0095	Payment to juvenile justice alternative education	40,000	40,000	40,000	-
0099	Other intergovernmental charges	965,919	984,211	928,372	55,839
6030	Total Expenditures	<u>257,932,014</u>	<u>291,504,682</u>	<u>254,927,738</u>	<u>36,576,944</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(23,160,728)</u>	<u>(44,377,508)</u>	<u>(5,852,559)</u>	<u>38,524,949</u>
OTHER FINANCING SOURCES (USES):					
7912	Sale of real and personal property	-	148,219	208,733	60,514
7913	Issuance of leases	-	-	1,846,111	1,846,111
7915	Transfers in	-	82,034	71,451	(10,583)
8911	Transfers out	(12,500,000)	(11,363,982)	(11,371,098)	(7,116)
7080	Total Other Financing Sources (Uses)	<u>(12,500,000)</u>	<u>(11,133,729)</u>	<u>(9,244,803)</u>	<u>1,888,926</u>
1200	Net Change in Fund Balances	(35,660,728)	(55,511,237)	(15,097,362)	40,413,875
0100	Fund Balance - Beginning	149,933,573	149,933,573	149,933,573	-
3000	Fund Balance - Ending	<u>\$ 114,272,845</u>	<u>\$ 94,422,336</u>	<u>\$ 134,836,211</u>	<u>\$ 40,413,875</u>

MCALLEN ISD
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's proportion of the net pension liability (asset)	0.1834029430%	0.1339907657%	0.1290537505%	0.1288655625%
District's proportionate share of the net pension liability (asset)	\$ 108,881,611	\$ 34,122,706	\$ 69,118,556	\$ 66,988,348
State's proportionate share of the net pension liability (asset) associated with the District	<u>90,909,292</u>	<u>53,819,339</u>	<u>121,301,253</u>	<u>116,155,208</u>
Total	<u>\$ 199,790,903</u>	<u>\$ 87,942,045</u>	<u>\$ 190,419,809</u>	<u>\$ 183,143,556</u>
District's covered payroll	\$ 171,984,142	\$ 166,785,085	\$ 165,987,549	\$ 154,606,270
District's proportionate share of the net pension liability as a percentage of its covered payroll	63.31%	20.46%	41.64%	43.33%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%

Note: Only nine years of data is presented in accordance with GASB Statement No. 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement".

<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>
0.1236546701%	0.1332032746%	0.1376054964%	0.1443069000%	0.0932441000%
\$ 68,062,531	\$ 42,591,231	\$ 51,999,071	\$ 51,010,568	24,906,788
<u>134,662,850</u>	<u>78,645,514</u>	<u>95,115,776</u>	<u>90,852,976</u>	<u>79,177,686</u>
<u>\$ 202,725,381</u>	<u>\$ 121,236,745</u>	<u>\$ 147,114,847</u>	<u>\$ 141,863,544</u>	<u>\$ 104,084,474</u>
\$ 154,106,862	\$ 151,848,295	\$ 148,924,609	\$ 144,968,179	\$ 143,054,541
44.17%	28.05%	34.92%	35.19%	17.41%
73.74%	82.17%	78.00%	78.43%	83.25%

MCALLEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 7,101,178	\$ 8,493,494	\$ 5,469,714	\$ 5,181,614
Contributions in relation to the contractually required contributions	<u>(7,101,178)</u>	<u>(8,499,046)</u>	<u>(5,497,971)</u>	<u>(5,232,098)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (5,552)</u>	<u>\$ (28,257)</u>	<u>\$ (50,484)</u>
District's covered payroll	\$ 175,928,449	\$ 171,479,398	\$ 165,793,778	\$ 163,913,077
Contributions as a percentage of covered payroll	4.04%	4.95%	3.30%	3.16%

Note: Only nine years of data is presented in accordance with GASB Statement No. 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement".

2019	2018	2017	2016	2015
\$ 4,500,451	\$ 4,467,275	\$ 4,366,838	\$ 4,364,469	\$ 4,123,936
<u>(4,520,374)</u>	<u>(4,476,586)</u>	<u>(4,366,838)</u>	<u>(4,364,469)</u>	<u>(4,123,936)</u>
<u>\$ (19,923)</u>	<u>\$ (9,311)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 154,165,777	\$ 154,000,839	\$ 151,613,208	\$ 148,051,309	\$ 144,662,074
2.92%	2.90%	2.88%	2.95%	2.85%

MCALLEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Measurement Year Ended August 31,					
	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability (asset)	0.2460305072%	0.1892499599%	0.1932542070%	0.1922215616%	0.1906084696%	0.1958726317%
District's proportionate share of the net OPEB liability (asset)	\$ 58,909,558	\$ 73,002,166	\$ 73,464,651	\$ 90,903,930	\$ 95,172,554	\$ 85,177,660
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>71,860,405</u>	<u>97,806,634</u>	<u>98,718,881</u>	<u>120,790,991</u>	<u>130,592,822</u>	<u>114,122,576</u>
Total	<u>\$ 130,769,963</u>	<u>\$ 170,808,800</u>	<u>\$ 172,183,532</u>	<u>\$ 211,694,921</u>	<u>\$ 225,765,376</u>	<u>\$ 199,300,236</u>
District's covered payroll	\$ 171,982,271	\$ 166,790,508	\$ 165,987,549	\$ 154,606,270	\$ 154,106,862	\$ 151,848,295
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	34.25%	43.77%	44.26%	58.80%	61.76%	56.09%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

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

MCALLEN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Fiscal Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
Contractually required contributions	\$ 1,681,744	\$ 2,007,172	\$ 1,451,486	\$ 1,446,887	\$ 1,349,120	\$ 1,362,905
Contribution in relation to the contractually required contributions	<u>(1,681,744)</u>	<u>(2,007,172)</u>	<u>(1,455,914)</u>	<u>(1,451,657)</u>	<u>(1,352,413)</u>	<u>(1,361,516)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,428)</u>	<u>\$ (4,770)</u>	<u>\$ (3,293)</u>	<u>\$ 1,389</u>
District's covered payroll	\$ 175,928,449	\$ 171,482,950	\$ 165,793,778	\$ 163,913,077	\$ 154,165,777	\$ 154,000,839
Contributions as a percentage of covered payroll	0.96%	1.17%	0.88%	0.88%	0.88%	0.88%

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

MCALLEN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. *Budgets*

The official school original budget was prepared for adoption for required Governmental Fund Types on June 14. The budget was formally adopted by the Board of School Trustees at a duly advertised public meeting prior to the expenditure of funds. The Board also approved amendments throughout the year and the final amended budget by June 30. Expenditures may not legally exceed budgeted appropriations at the function level. Annual budgets were adopted for the General Fund and the Debt Service Fund on a basis consistent with generally accepted accounting principles. The District does not legally adopt Special Revenue Funds as it is not legally required. The Debt Service Fund budget comparison schedule is presented in the Other Supplementary Information section of the financial statements.

B. *Encumbrances*

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

C. *TRS Pension*

Changes of Benefit Terms.

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

Changes in Assumptions

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25% to 7.00%.

D. *TRS OPEB Plan*

Changes of Benefit Terms.

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

Changes in Assumptions

The discount rate changed from 1.95% as of August 31, 2021 to 3.91%, as of August 31, 2022.

COMBINING FUND STATEMENTS



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

266 Elementary and Secondary School Emergency Relief (ESSER) Funds (Coronavirus Aid, Relief, and Economic Security Act (CARES Act)) – This fund is used to account for federal stimulus ESSER funds granted to LEAs through the CARES Act that support an LEA’s ability to operate and instruct its students during the COVID-19 pandemic.

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

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

279 Texas COVID Learning Acceleration Supports (TCLAS) – State Elementary and Secondary School Emergency Relief Fund III (ESSER III) – This fund is used to account for funds granted for targeted supports to assist LEAs to accelerate student learning due to learning loss caused by the COVID-19 pandemic. Examples of how the funds may be used to assist LEAs in learning acceleration and support areas are:

- Strategic planning and performance management
- Instructional materials that are rigorous and high-quality that make up ground and master grade level Texas Essential Knowledge and Skills (TEKS)
- Teacher pipelines that support teachers to deliver excellence in the classroom
- Expanded instructional time for students in most need, including expanding instructional time in the summer and with targeted tutoring
- Innovative school models to incorporate all of the learning acceleration framework

280 American Rescue Plan Elementary and Secondary Emergency Relief Fund Homeless Children and Youth (ARP-HCY)- This code is used to account for federal stimulus funds granted to LEAs through the ARP Act to identify and provide homeless children and youth with services in light of the challenges of COVID-19, and to enable homeless children and youth to attend school and participate fully in school activities.

284 IDEA—Part B, Formula—American Rescue Plan Act of 2021 – This fund is used to account for federal stimulus funds granted under the ARP Act to operate educational programs for children with disabilities.

285 IDEA—Part B, Preschool—American Rescue Plan Act of 2021 – This fund is used to account for federal stimulus funds granted under the ARP Act for preschool children with disabilities.

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

- 287-Z – Equitable Sharing Program – Asset Forfeiture
- 288-0 – Summer School LEP Students in K1
- 288-M – School Violence Prevention Program (SVPP)
- 288-Z – Stop School Violence Prevention and Mental Health Training Program Grant
- 289-H – Region One Covid-19 Public Health Supplemental Fund Grant – Nurse Grant Cooperative
- 289-M – CK19-1904 Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) – COVID-19 School Health Support Grant
- 289-0,A,M – Title IV, Part A, Subpart 1

315 Shared Services Arrangements – IDEA – Part B, Discretionary – This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds used to support an education service center basic special education component and also:

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

340 Shared Services Arrangements – IDEA, Part C, Early Intervention (Deaf) – This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds granted to assist local Regional Day School for the Deaf programs and the Texas School for the Deaf in providing direct services to hearing impaired infants to toddlers, ages birth through two years of age. The program provides supplemental and appropriate services to eligible students that are provided by a certified and trained teacher.

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

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

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

- 427 – National Incident Based Reporting System (NIBRS)
- 427-F – State Funded Asset Forfeiture Program
- 427-Z – Region 13 College and Career Readiness School Model Sub Grant
- 428-2D-0 – Math Achievement Academies
- 428-F – Special Education Fiscal Support Round 2
- 429-0 – Read to Succeed
- 429-F – School Safety and Security Grant
- 429-M – CTE Certification Exam Reimbursements
- 429-Z – Community Youth Development (CYD) Program Grant
- 429-801 – Law Enforcement Officer Standards and Education

435 Shared Services Arrangements – Regional Day School for the Deaf – This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis for funds allocated for staff and activities of the Regional Day School Program for the Deaf (RDSPD). These funds are not to be used to pay salaries of teachers with a teaching assignment other than deaf students in the RDSPD. State deaf funds should not be used to pay the salary of teachers of American Sign Language as a foreign language at the junior high or high school level, as this is a course for regular education credit.

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

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

- 498-0 – TIBS Innovative teaching/training grant
- 498-M – United Way Grant
- 498-Z – No Kid Hungry Grant
- 499-0 – Children’s Defense Fund

DEBT SERVICE FUND

The Debt Service Fund is used to account for revenues from debt service taxes and earnings on investments which are used for payment of interest and principal on the District's bonded indebtedness.

599 Debt Service Funds – This code is used to combine all debt service funds for reporting. School districts are encouraged to use locally defined debt service funds (codes 511-598) to provide separate accountability for each type or issue of debt and convert those accounts to code 599 for PEIMS reporting.

CAPITAL PROJECTS FUNDS

619 MISD Maintenance Tax Notes – Locally Defined – This fund is used, at the option of the school district, to classify capital projects on a project-by-project basis. The projects identified here are part of the original plan for the maintenance tax notes but resources for these projects did not come from the sale of bonds. For PEIMS reporting, these accounts are converted to code 699.

620 Maintenance Tax Notes 2020 - This fund is used to account for the expenditures of resources accumulated from sales of bonds and related interest earnings for the maintenance of school facilities. For PEIMS reporting, these accounts are converted to code 699.

697 UTRGV Collegiate Academy- This fund is used, at the option of the school district, to account for the expenditures of the UTRGV Collegiate Academy. For PEIMS reporting, these accounts are converted to code 699.

698 MISD Capital Projects Fund – Locally Defined – This fund is used, at the option of the school district, to classify capital projects on a project-by-project basis. For PEIMS reporting, these accounts are converted to code 699.

MCALLEN ISD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

Data Control Codes	211	212	224	225	244	255	263
	ESEA I, A Improving Basic Programs	ESEA Title I Part C Migrant	IDEA - Part B Formula	IDEA - Part B Preschool	Career and Technical - Basic Grant	ESEA II, A Training and Recruiting	Title III, A English Lang. Acquisition
ASSETS							
1110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1120	-	-	-	-	-	-	-
1225	-	-	-	-	-	-	-
1240	4,144,812	227,415	1,067,568	15,052	31,492	236,761	173,607
1250	-	-	-	-	-	-	-
1260	-	-	1,179	-	-	-	-
1290	321	5	71	-	21	508	93
1300	-	-	-	-	-	-	-
1410	18,844	-	-	-	-	4,036	-
1800	-	-	-	-	-	-	-
1910	-	-	-	-	-	-	-
1000	<u>\$ 4,163,977</u>	<u>\$ 227,420</u>	<u>\$ 1,068,818</u>	<u>\$ 15,052</u>	<u>\$ 31,513</u>	<u>\$ 241,305</u>	<u>\$ 173,700</u>
LIABILITIES							
2110	\$ 42,559	\$ 1,352	\$ 63,114	\$ -	\$ 2,278	\$ 52,333	\$ 887
2150	-	-	-	-	-	-	-
2160	1,411,340	8,957	594,802	9,096	7,369	81,249	107,485
2170	2,710,078	217,018	410,902	5,956	21,866	107,723	65,328
2180	-	93	-	-	-	-	-
2190	-	-	-	-	-	-	-
2300	-	-	-	-	-	-	-
2400	-	-	-	-	-	-	-
2000	<u>4,163,977</u>	<u>227,420</u>	<u>1,068,818</u>	<u>15,052</u>	<u>31,513</u>	<u>241,305</u>	<u>173,700</u>
DEFERRED INFLOWS OF RESOURCES							
2601	-	-	-	-	-	-	-
2604	-	-	-	-	-	-	-
2600	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable fund balance:							
3410	-	-	-	-	-	-	-
3430	-	-	-	-	-	-	-
Restricted fund balance:							
3450	-	-	-	-	-	-	-
3470	-	-	-	-	-	-	-
3480	-	-	-	-	-	-	-
3490	-	-	-	-	-	-	-
Committed fund balance:							
3510	-	-	-	-	-	-	-
3545	-	-	-	-	-	-	-
Assigned Fund Balance:							
3550	-	-	-	-	-	-	-
3570	-	-	-	-	-	-	-
3590	-	-	-	-	-	-	-
3600	-	-	-	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 4,163,977</u>	<u>\$ 227,420</u>	<u>\$ 1,068,818</u>	<u>\$ 15,052</u>	<u>\$ 31,513</u>	<u>\$ 241,305</u>	<u>\$ 173,700</u>

266	272	274	279	280	284	285	289	315	340	397
CARES ESSER	Medicaid Admin. Claim MAC	GEAR UP	TCLAS ESSER III	ARP Homeless II	IDEA-B Formula - ARP	IDEA - B Preschool - ARP	Federally Funded Special Revenue Funds	SSA IDEA, Part B Discretionary	SSA - IDEA C Deaf, Early Intervention	Advanced Placement Incentives
\$ -	\$ 171,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,746	\$ -	\$ -	\$ 61,855
-	-	-	-	-	-	-	-	-	-	-
-	50,684	201,936	13,117	54,926	4,227	-	4,316,416	40,514	22	-
-	-	-	-	-	-	-	-	-	-	-
-	-	32	-	1,406	-	-	144	-	-	-
-	-	950	-	-	4,580	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 222,298</u>	<u>\$ 202,918</u>	<u>\$ 13,117</u>	<u>\$ 56,332</u>	<u>\$ 8,807</u>	<u>\$ -</u>	<u>\$ 4,320,306</u>	<u>\$ 40,514</u>	<u>\$ 22</u>	<u>\$ 61,855</u>
\$ -	\$ -	\$ 3,029	\$ 13,117	\$ 2,717	\$ -	\$ -	26,715	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-
-	-	19,624	-	10,353	-	-	135,326	13,478	-	-
-	-	180,265	-	43,262	8,807	-	4,100,127	27,036	22	-
-	-	-	-	-	-	-	36,123	-	-	-
-	-	-	-	-	-	-	-	-	-	61,855
-	-	-	-	-	-	-	-	-	-	-
-	-	202,918	13,117	56,332	8,807	-	4,298,291	40,514	22	61,855
-	-	-	-	-	-	-	-	-	-	-
-	24,884	-	-	-	-	-	-	-	-	-
-	24,884	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	197,414	-	-	-	-	-	22,015	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	197,414	-	-	-	-	-	22,015	-	-	-
<u>\$ -</u>	<u>\$ 222,298</u>	<u>\$ 202,918</u>	<u>\$ 13,117</u>	<u>\$ 56,332</u>	<u>\$ 8,807</u>	<u>\$ -</u>	<u>\$ 4,320,306</u>	<u>\$ 40,514</u>	<u>\$ 22</u>	<u>\$ 61,855</u>

MCALLEN ISD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 JUNE 30, 2023

	410	429	435	461	499		599
Data Control Codes	State Textbook Fund	Other State Special Revenue Funds	SSA Regional Day School - Deaf	Campus Activity Funds	Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	Debt Service Fund
ASSETS							
1110 Cash and cash equivalents	\$ 122,107	\$ 9,076	\$ -	\$ 1,291,928	\$ 33,557	\$ 1,693,883	\$ 102,719
1120 Investments	-	-	-	-	-	-	3,614,267
1225 Property taxes receivable, net	-	-	-	-	-	-	342,958
1240 Receivables from other governments	-	495,832	592,513	-	-	11,666,894	37,847
1250 Accrued interest	-	-	-	-	-	-	-
1260 Due from other funds	-	-	2,019,426	17,175	-	2,037,780	-
1290 Other receivables	-	-	7	20,000	-	22,608	103
1300 Inventories	-	-	-	-	-	-	-
1410 Prepaid items	-	975	-	-	-	29,385	-
1800 Restricted assets	-	-	-	-	-	-	-
1910 Long-term investments	-	-	-	-	-	-	-
1000 Total Assets	<u>\$ 122,107</u>	<u>\$ 505,883</u>	<u>\$ 2,611,946</u>	<u>\$ 1,329,103</u>	<u>\$ 33,557</u>	<u>\$ 15,450,550</u>	<u>\$ 4,097,894</u>
LIABILITIES							
2110 Accounts payable	\$ -	\$ 15,224	\$ 10,293	\$ 148,600	\$ 125	\$ 382,343	\$ -
2150 Payroll deductions and withholdings payable	-	-	-	-	-	-	-
2160 Accrued wages payable	-	-	496,621	53	-	2,895,753	-
2170 Due to other funds	-	476,676	367,666	5,260	-	8,747,992	-
2180 Due to other governments	-	-	-	336	-	36,552	-
2190 Due to student groups	-	-	-	-	-	-	-
2300 Unearned revenue	54,800	13,983	-	-	33,432	164,070	47,678
2400 Payable from restricted assets	-	-	-	-	-	-	-
2000 Total Liabilities	<u>54,800</u>	<u>505,883</u>	<u>874,580</u>	<u>154,249</u>	<u>33,557</u>	<u>12,226,710</u>	<u>47,678</u>
DEFERRED INFLOWS OF RESOURCES							
2601 Unavailable revenue - property taxes	-	-	-	-	-	-	283,616
2604 Deferred inflow of resources - other	-	-	-	-	-	24,884	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,884</u>	<u>283,616</u>
FUND BALANCES							
Nonspendable fund balance:							
3410 Inventories	-	-	-	-	-	-	-
3430 Prepaid items	-	-	-	-	-	-	-
Restricted fund balance:							
3450 Federal or state funds grant restrictions	67,307	-	1,737,366	-	-	2,024,102	-
3470 Restricted for capital acquisitions	-	-	-	-	-	-	-
3480 Retirement of long-term debt	-	-	-	-	-	-	3,766,600
3490 Other restricted fund balance	-	-	-	-	-	-	-
Committed fund balance:							
3510 Construction	-	-	-	-	-	-	-
3545 Other committed fund balance	-	-	-	1,174,854	-	1,174,854	-
Assigned Fund Balance:							
3550 Assigned for construction	-	-	-	-	-	-	-
3570 Capital expenditures for equipment	-	-	-	-	-	-	-
3590 Other assigned fund balance	-	-	-	-	-	-	-
3600 Unassigned fund balance	-	-	-	-	-	-	-
3000 Total Fund Balances	<u>67,307</u>	<u>-</u>	<u>1,737,366</u>	<u>1,174,854</u>	<u>-</u>	<u>3,198,956</u>	<u>3,766,600</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 122,107</u>	<u>\$ 505,883</u>	<u>\$ 2,611,946</u>	<u>\$ 1,329,103</u>	<u>\$ 33,557</u>	<u>\$ 15,450,550</u>	<u>\$ 4,097,894</u>

	619	620	697	698		
Total Nonmajor Debt Service Funds	MISD MTN 2020	Maintenance Tax Notes 2020	MISD Capital Projects Fund	MISD Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 102,719	\$ 3,158	\$ 8,267	\$ -	\$ 19,588	\$ 31,013	\$ 1,827,615
3,614,267	486,501	8,588,532	-	305,519	9,380,552	12,994,819
342,958	-	-	-	-	-	342,958
37,847	-	-	548,387	-	548,387	12,253,128
-	-	-	-	-	-	-
-	115,000	331,069	8,643,020	973,391	10,062,480	12,100,260
103	-	28	-	-	28	22,739
-	-	-	-	-	-	-
-	-	-	-	-	-	29,385
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 4,097,894</u>	<u>\$ 604,659</u>	<u>\$ 8,927,896</u>	<u>\$ 9,191,407</u>	<u>\$ 1,298,498</u>	<u>\$ 20,022,460</u>	<u>\$ 39,570,904</u>
\$ -	\$ 111,273	\$ 465,167	\$ 1,650,640	\$ 195,871	\$ 2,422,951	\$ 2,805,294
-	-	-	-	-	-	-
-	-	-	-	-	-	2,895,753
-	-	-	887,192	-	887,192	9,635,184
-	-	-	-	-	-	36,552
-	-	-	-	-	-	-
47,678	-	-	-	-	-	211,748
-	-	-	-	-	-	-
<u>47,678</u>	<u>111,273</u>	<u>465,167</u>	<u>2,537,832</u>	<u>195,871</u>	<u>3,310,143</u>	<u>15,584,531</u>
283,616	-	-	-	-	-	283,616
-	-	-	-	-	-	24,884
<u>283,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,500</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,024,102
-	-	-	-	-	-	-
3,766,600	-	-	-	-	-	3,766,600
-	-	8,462,729	-	-	8,462,729	8,462,729
-	-	-	-	-	-	-
-	-	-	-	-	-	1,174,854
-	493,386	-	6,653,575	1,102,627	8,249,588	8,249,588
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,766,600</u>	<u>493,386</u>	<u>8,462,729</u>	<u>6,653,575</u>	<u>1,102,627</u>	<u>16,712,317</u>	<u>23,677,873</u>
<u>\$ 4,097,894</u>	<u>\$ 604,659</u>	<u>\$ 8,927,896</u>	<u>\$ 9,191,407</u>	<u>\$ 1,298,498</u>	<u>\$ 20,022,460</u>	<u>\$ 39,570,904</u>

MCALLEN ISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Data Control Codes	211 ESEA I, A Improving Basic Programs	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition
REVENUES:							
5700 Local and intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State program revenues	-	-	-	-	-	-	-
5900 Federal program revenues	11,600,401	586,944	4,538,642	85,960	538,374	1,088,242	792,094
5020 Total Revenues	<u>11,600,401</u>	<u>586,944</u>	<u>4,538,642</u>	<u>85,960</u>	<u>538,374</u>	<u>1,088,242</u>	<u>792,094</u>
EXPENDITURES:							
Current:							
11 Instruction	8,099,519	172,120	3,025,122	85,960	345,123	765,963	751,702
12 Instructional resources and media services	46,820	-	-	-	-	-	-
13 Curriculum and instructional staff development	1,685,061	113	7,207	-	91,715	257,116	32,097
21 Instructional leadership	350,998	296,740	50,509	-	1,175	-	3,114
23 School leadership	25,898	-	-	-	1,891	44,010	2,302
31 Guidance, counseling and evaluation services	81,700	-	1,386,842	-	101,253	3,506	-
32 Social work services	16,438	-	68,962	-	-	-	-
33 Health services	9,193	-	-	-	-	-	-
34 Student (pupil) transportation	-	-	-	-	-	-	-
35 Food service	-	-	-	-	-	-	-
36 Extracurricular activities	-	-	-	-	-	-	-
41 General administration	-	-	-	-	-	-	-
51 Facilities maintenance and operations	5,891	90	-	-	-	-	-
52 Security and monitoring services	17,877	-	-	-	-	-	-
53 Data processing services	-	-	-	-	-	-	-
61 Community services	1,295,727	117,881	-	-	-	17,647	2,879
Debt Service:							
71 Principal on long term-debt	-	-	-	-	-	-	-
72 Interest on long-term debt	-	-	-	-	-	-	-
73 Bond issuance cost and fees	-	-	-	-	-	-	-
Capital Outlay:							
81 Facilities acquisition and construction	-	-	-	-	-	-	-
Intergovernmental:							
93 Payment to fiscal agent of SSA	-	-	-	-	-	-	-
95 Payment to juvenile justice alternative education	-	-	-	-	-	-	-
99 Other intergovernmental charges	-	-	-	-	-	-	-
6030 Total Expenditures	<u>11,635,122</u>	<u>586,944</u>	<u>4,538,642</u>	<u>85,960</u>	<u>541,157</u>	<u>1,088,242</u>	<u>792,094</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(34,721)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,783)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):							
7911 Issuance of bonds	-	-	-	-	-	-	-
7912 Sale of real and personal property	34,721	-	-	-	2,783	-	-
7915 Transfers in	-	-	-	-	-	-	-
7916 Discount on issuance of bonds	-	-	-	-	-	-	-
8949 Payment to escrow	-	-	-	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>34,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,783</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	-	-	-	-	-	-	-
100 Fund Balance - (Beginning)	-	-	-	-	-	-	-
1300 Prior Period Adjustment	-	-	-	-	-	-	-
3000 Fund Balance - (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

266	272	274	279	280	284	285	289	315	340	397
CARES ESSER	Medicaid Admin. Claim MAC	GEAR UP	TCLAS ESSER III	ARP Homeless II	IDEA-B Formula - ARP	IDEA - B Preschool - ARP	Federally Funded Special Revenue Funds	SSA IDEA, Part B Discretionary	SSA - IDEA C Deaf, Early Intervention	Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -
22,554	90,192	343,739	61,765	88,207	381,892	1,137	1,731,437	181,483	114	-
22,554	90,192	343,739	61,765	88,207	381,892	1,137	1,731,438	181,483	114	-
-	-	29,413	31,765	20,054	79,968	1,137	636,856	84,327	114	-
-	-	-	-	-	-	-	-	-	-	-
-	-	2,398	30,000	-	1,780	-	4,121	8,048	-	-
-	-	-	-	-	225,584	-	8,671	-	-	-
-	-	2,907	-	-	-	-	-	-	-	-
-	-	305,827	-	51,361	74,560	-	230,807	89,108	-	-
-	-	-	-	16,792	-	-	436,735	-	-	-
-	37,940	-	-	-	-	-	158,066	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	31,158	-	-	-
-	-	-	-	-	-	-	1,589	-	-	-
22,554	-	-	-	-	-	-	(177)	-	-	-
-	-	-	-	-	-	-	244,890	-	-	-
-	-	3,194	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	10,414	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
22,554	37,940	343,739	61,765	88,207	381,892	1,137	1,763,130	181,483	114	-
-	52,252	-	-	-	-	-	(31,692)	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,564	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,564	-	-	-
-	52,252	-	-	-	-	-	(30,128)	-	-	-
-	145,162	-	-	-	-	-	52,143	-	-	-
-	-	-	-	-	-	-	-	-	-	-
\$ -	\$ 197,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,015	\$ -	\$ -	\$ -

MCALLEN ISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Data Control Codes	410	429 Other State	435	461	499	599	
	State Textbook	Special	SSA Regional	Campus Activity	Other Local	Total Nonmajor	
	Fund	Revenue	Day School -	Funds	Special Revenue	Special Revenue	Debt Service Fund
		Funds	Deaf		Funds	Funds	
REVENUES:							
5700 Local and intermediate sources	\$ -	\$ -	\$ 2,581,669	\$ 1,630,896	\$ 33,549	\$ 4,246,115	\$ 6,896,476
5800 State program revenues	7,905	557,342	1,606,914	913	139	2,173,213	356,048
5900 Federal program revenues	-	-	-	-	-	22,133,177	-
5020 Total Revenues	<u>7,905</u>	<u>557,342</u>	<u>4,188,583</u>	<u>1,631,809</u>	<u>33,688</u>	<u>28,552,505</u>	<u>7,252,524</u>
EXPENDITURES:							
Current:							
11 Instruction	7,905	3,645	3,433,711	185,783	7,428	17,767,615	-
12 Instructional resources and media services	-	68	-	2,096	-	48,984	-
13 Curriculum and instructional staff development	-	4,347	147,012	8,827	-	2,279,842	-
21 Instructional leadership	-	-	297,771	36	-	1,234,598	-
23 School leadership	-	-	-	280,973	-	357,981	-
31 Guidance, counseling and evaluation services	-	-	169,123	7,330	-	2,501,417	-
32 Social work services	-	-	-	-	1,702	540,629	-
33 Health services	-	-	2,027	124	-	207,350	-
34 Student (pupil) transportation	-	-	-	-	-	-	-
35 Food service	-	-	-	24	24,558	24,582	-
36 Extracurricular activities	-	-	168	875,048	-	906,374	-
41 General administration	-	-	-	-	-	1,589	-
51 Facilities maintenance and operations	-	93,379	-	2,418	-	124,155	-
52 Security and monitoring services	-	240,560	258	9,064	-	512,649	-
53 Data processing services	-	-	-	-	-	-	-
61 Community services	-	-	15,507	1,556	-	1,464,805	-
Debt Service:							
71 Principal on long term-debt	-	-	-	-	-	-	5,175,000
72 Interest on long-term debt	-	-	-	-	-	-	1,633,200
73 Bond issuance cost and fees	-	-	-	-	-	-	5,945
Capital Outlay:							
81 Facilities acquisition and construction	-	215,343	-	89,669	-	305,012	-
Intergovernmental:							
93 Payment to fiscal agent of SSA	-	-	-	-	-	-	-
95 Payment to juvenile justice alternative education	-	-	-	-	-	-	-
99 Other intergovernmental charges	-	-	-	-	-	-	-
6030 Total Expenditures	<u>7,905</u>	<u>557,342</u>	<u>4,065,577</u>	<u>1,462,948</u>	<u>33,688</u>	<u>28,277,582</u>	<u>6,814,145</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	123,006	168,861	-	274,923	438,379
OTHER FINANCING SOURCES (USES):							
7911 Issuance of bonds	-	-	-	-	-	-	-
7912 Sale of real and personal property	47	-	-	-	-	39,115	-
7915 Transfers in	-	-	-	-	-	-	-
7916 Discount on issuance of bonds	-	-	-	-	-	-	-
8949 Payment to escrow	-	-	-	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>47</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,115</u>	<u>-</u>
1200 Net Change in Fund Balances	47	-	123,006	168,861	-	314,038	438,379
100 Fund Balance - (Beginning)	129,964	-	1,614,360	1,005,993	-	2,947,622	3,328,221
1300 Prior Period Adjustment	(62,704)	-	-	-	-	(62,704)	-
3000 Fund Balance - (Ending)	<u>\$ 67,307</u>	<u>\$ -</u>	<u>\$ 1,737,366</u>	<u>\$ 1,174,854</u>	<u>\$ -</u>	<u>\$ 3,198,956</u>	<u>\$ 3,766,600</u>

	619	620	697	698		
Total Nonmajor Debt Service Funds	MISD MTN 2020	Maintenance Tax Notes 2020	MISD Capital Projects Fund	MISD Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 6,896,476	\$ 38,609	\$ 398,794	\$ 2,925,390	\$ 1,051,425	\$ 4,414,218	\$ 15,556,809
356,048	-	-	-	-	-	2,529,261
-	-	-	-	-	-	22,133,177
<u>7,252,524</u>	<u>38,609</u>	<u>398,794</u>	<u>2,925,390</u>	<u>1,051,425</u>	<u>4,414,218</u>	<u>40,219,247</u>
-	-	-	-	-	-	17,767,615
-	-	-	-	-	-	48,984
-	-	-	-	-	-	2,279,842
-	-	-	-	-	-	1,234,598
-	-	-	-	-	-	357,981
-	-	-	-	-	-	2,501,417
-	-	-	-	-	-	540,629
-	-	-	-	-	-	207,350
-	-	-	-	-	-	-
-	-	-	-	-	-	24,582
-	-	-	-	-	-	906,374
-	-	-	-	-	-	1,589
-	-	96,252	-	-	96,252	220,407
-	-	139,788	-	-	139,788	652,437
-	-	-	-	-	-	-
-	-	-	-	-	-	1,464,805
5,175,000	-	-	-	-	-	5,175,000
1,633,200	-	-	-	-	-	1,633,200
5,945	-	-	-	-	-	5,945
-	621,941	3,261,592	7,625,797	2,080,599	13,589,929	13,894,941
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,814,145</u>	<u>621,941</u>	<u>3,497,632</u>	<u>7,625,797</u>	<u>2,080,599</u>	<u>13,825,969</u>	<u>48,917,696</u>
438,379	(583,332)	(3,098,838)	(4,700,407)	(1,029,174)	(9,411,751)	(8,698,449)
-	-	-	-	-	-	-
-	-	-	-	-	-	39,115
-	-	-	11,353,982	-	11,353,982	11,353,982
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	<u>11,353,982</u>	<u>-</u>	<u>11,353,982</u>	<u>11,393,097</u>
438,379	(583,332)	(3,098,838)	6,653,575	(1,029,174)	1,942,231	2,694,648
3,328,221	1,076,718	11,561,567	-	2,131,801	14,770,086	21,045,929
-	-	-	-	-	-	(62,704)
<u>\$ 3,766,600</u>	<u>\$ 493,386</u>	<u>\$ 8,462,729</u>	<u>\$ 6,653,575</u>	<u>\$ 1,102,627</u>	<u>\$ 16,712,317</u>	<u>\$ 23,677,873</u>



INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one organizational unit of the District to other organizational units of the District on a cost reimbursement basis. Internal service funds are also used to account for the operations of self-funded health and worker's compensation and self-administered unemployment claims. Internal Service Funds maintained by the District are the following:

Health Insurance Fund – To account for health benefits under a self-funded plan.

Unemployment Fund – To account for benefits to pay unemployment requirements.

Worker's Compensation Fund – To account for worker's compensation benefits under a self-administered plan.

MCALLEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2023

	753 Health Insurance Fund	771 Unemployment Fund	772 Workers' Compensation	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,301,233	\$ 176,914	\$ 675,584	\$ 2,153,731
Investments - demand deposit	1,660,012	1,308	4,735,364	6,396,684
Due from other funds	34,815	-	-	34,815
Other receivables	1,033,605	-	61,316	1,094,921
Prepaid items	-	-	193,475	193,475
Total Current Assets	<u>4,029,665</u>	<u>178,222</u>	<u>5,665,739</u>	<u>9,873,626</u>
Noncurrent Assets:				
Furniture and equipment	-	-	-	-
Depreciation on furniture and equipment	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>4,029,665</u>	<u>178,222</u>	<u>5,665,739</u>	<u>9,873,626</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	887,006	24,109	19,891	931,006
Due to other funds	11	-	-	11
Due to other governments	29,728	-	-	29,728
Current portion of other long-term debt	561,461	-	569,586	1,131,047
Total Current Liabilities	<u>1,478,206</u>	<u>24,109</u>	<u>589,477</u>	<u>2,091,792</u>
Noncurrent Liabilities:				
Other long-term debt	-	-	2,386,096	2,386,096
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>2,386,096</u>	<u>2,386,096</u>
Total Liabilities	<u>1,478,206</u>	<u>24,109</u>	<u>2,975,573</u>	<u>4,477,888</u>
NET POSITION				
Unrestricted net position	<u>2,551,459</u>	<u>154,113</u>	<u>2,690,166</u>	<u>5,395,738</u>
Total Net Position	<u>\$ 2,551,459</u>	<u>\$ 154,113</u>	<u>\$ 2,690,166</u>	<u>\$ 5,395,738</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	753 Health Insurance Fund	771 Unemployment Fund	772 Workers' Compensation	Total Internal Service Funds
OPERATING REVENUES:				
Local and intermediate sources	\$ 25,477,641	\$ 115,029	\$ 600,409	\$ 26,193,079
Total Operating Revenue	<u>25,477,641</u>	<u>115,029</u>	<u>600,409</u>	<u>26,193,079</u>
OPERATING EXPENSES:				
Payroll costs	<u>26,129,019</u>	<u>32,358</u>	<u>976,377</u>	<u>27,137,754</u>
Total Operating Expenses	<u>26,129,019</u>	<u>32,358</u>	<u>976,377</u>	<u>27,137,754</u>
Operating Income (Loss)	(651,378)	82,671	(375,968)	(944,675)
NONOPERATING REVENUES (EXPENSES)				
Earnings from temporary deposits and investments	<u>112,953</u>	<u>5,870</u>	<u>232,598</u>	<u>351,421</u>
Total Nonoperating Revenues (Expenses)	112,953	5,870	232,598	351,421
Change in net position	(538,425)	88,541	(143,370)	(593,254)
Total Net Position - Beginning	<u>3,089,884</u>	<u>65,572</u>	<u>2,833,536</u>	<u>5,988,992</u>
Total Net Position - Ending	<u>\$ 2,551,459</u>	<u>\$ 154,113</u>	<u>\$ 2,690,166</u>	<u>\$ 5,395,738</u>

MCALLEN ISD
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	753 Health Insurance Fund	771 Unemployment Fund	772 Workers' Compensation	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Interfund services provided and used	\$ 26,374,921	\$ 115,029	\$ 539,094	\$ 27,029,044
Cash payments to employees for services	-	-	(889,243)	(889,243)
Cash payments for claims	(26,786,486)	(59,720)	-	(26,846,206)
Net Cash Provided by (Used for) Operating Activities	(411,565)	55,309	(350,149)	(706,405)
<u>Cash Flows from Investing Activities:</u>				
Purchase of investment securities	-	-	300,729	300,729
Proceeds from sale and maturities of securities	1,330,180	-	-	1,330,180
Interest and dividends on investments	112,953	5,870	232,598	351,421
Net Cash Provided by Investing Activities	1,443,133	5,870	533,327	1,982,330
Net increase in cash and cash equivalents	1,031,568	61,179	183,178	1,275,925
Cash and cash equivalents at beginning of year	269,665	115,735	492,406	877,806
Cash and Cash Equivalents at End of Year	\$ 1,301,233	\$ 176,914	\$ 675,584	\$ 2,153,731
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>				
Operating Income (Loss):	\$ (651,378)	\$ 82,671	\$ (375,968)	\$ (944,675)
Adjustments to reconcile operating income to net cash provided by operating activities:				
<u>Effects of Increases and Decreases in Assets and Liabilities:</u>				
Decrease (increase) in receivables	361,570	-	(61,316)	300,254
Decrease (increase) in interfund receivables	535,712	-	-	535,712
Increase (decrease) in accounts payable	58,532	(27,362)	5,899	37,069
Increase (decrease) in current portion of other long-term liabilities	(724,008)	-	91,596	(632,412)
Increase (decrease) in interfund payables	11	-	-	11
Increase (decrease) in due to other governments	7,996	-	-	7,996
Increase (decrease) in other long-term liabilities	-	-	(10,360)	(10,360)
Net Cash Provided by Operating Activities	\$ (411,565)	\$ 55,309	\$ (350,149)	\$ (706,405)

NON MAJOR ENTERPRISE FUNDS

An enterprise fund is a proprietary fund type accounted for on the accrual basis. The expenses for these funds are financed through user charges. Enterprise funds maintained by the District are the following:

Safe and Secure Fund – An after school program that provides a safe and secure environment to students in the District.

Tuition Based Pre-Kindergarten Fund – To account for revenue received and operating expenses incurred in the operation of a tuition based Pre-Kindergarten program.



MCALLEN ISD
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2023

	713 Project Safe and Secure	716 Tuition Based Pre-K Program	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 337,922	\$ 8,267	\$ 346,189
Investments - demand deposit	500,000	-	500,000
Due from other funds	10,020	7,116	17,136
Total Current Assets	<u>847,942</u>	<u>15,383</u>	<u>863,325</u>
Noncurrent Assets:			
Furniture and equipment	75,290	-	75,290
Depreciation on furniture and equipment	<u>(75,290)</u>	<u>-</u>	<u>(75,290)</u>
Total Noncurrent Assets	-	-	-
Total Assets	<u>847,942</u>	<u>15,383</u>	<u>863,325</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	2,096	-	2,096
Accrued wages payable	-	15,383	15,383
Due to other funds	13,513	-	13,513
Total Current Liabilities	<u>15,609</u>	<u>15,383</u>	<u>30,992</u>
Total Liabilities	<u>15,609</u>	<u>15,383</u>	<u>30,992</u>
NET POSITION			
Unrestricted net position	<u>832,333</u>	<u>-</u>	<u>832,333</u>
Total Net Position	<u>\$ 832,333</u>	<u>\$ -</u>	<u>\$ 832,333</u>

MCALLEN ISD
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	713 Project Safe and Secure	716 Tuition Based Pre-K Program	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Local and intermediate sources	\$ 477,927	\$ 80,463	\$ 558,390
State program revenues	21,387	5,772	27,159
Total Operating Revenue	<u>499,314</u>	<u>86,235</u>	<u>585,549</u>
OPERATING EXPENSES:			
Payroll costs	314,050	101,509	415,559
Professional and contracted services	8	-	8
Other operating costs	9,678	1,842	11,520
Supplies and materials	1,722	-	1,722
Total Operating Expenses	<u>325,458</u>	<u>103,351</u>	<u>428,809</u>
Operating Income (Loss)	173,856	(17,116)	156,740
Sales of Real and Personal Property	338	-	338
Transfers in	-	17,116	17,116
Transfers out	(71,451)	-	(71,451)
Change in net position	102,743	-	102,743
Total Net Position - Beginning	<u>729,590</u>	<u>-</u>	<u>729,590</u>
Total Net Position - Ending	<u>\$ 832,333</u>	<u>\$ -</u>	<u>\$ 832,333</u>

MCALLEN ISD
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	713 Project Safe and Secure	716 Tuition Based Pre-K Program	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash received from customers	\$ 586,977	\$ 83,802	\$ 670,779
Cash payments to employees for services	(282,393)	(95,120)	(377,513)
Cash payments for suppliers for goods and services	(11,572)	(1,842)	(13,414)
Net Cash Provided by (Used for) Operating Activities	293,012	(13,160)	279,852
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Transfers in	-	17,116	17,116
Transfers out	(71,113)	-	(71,113)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(71,113)	17,116	(53,997)
Net Decrease in Cash and Cash Equivalents	221,899	3,956	225,855
Cash and Cash Equivalents at Beginning of Year	116,023	4,311	120,334
Cash and Cash Equivalents at End of Year	<u>\$ 337,922</u>	<u>\$ 8,267</u>	<u>\$ 346,189</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>			
Operating Income (Loss):	\$ 173,856	\$ (17,116)	\$ 156,740
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Effects of Increases and Decreases in Assets and Liabilities			
Decrease (increase) in receivables	(1)	-	(1)
Decrease (increase) in interfund receivables	109,121	3,339	112,460
Increase (decrease) in accounts payable	(164)	-	(164)
Increase (decrease) in accrued expenses	-	820	820
Increase (decrease) in interfund payables	10,270	(203)	10,067
Increase (decrease) in unearned revenue	(70)	-	(70)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 293,012</u>	<u>\$ (13,160)</u>	<u>\$ 279,852</u>

MCALLEN ISD
 COMBINING STATEMENT OF PRIVATE-PURPOSE TRUST FUNDS NET POSITION
 JUNE 30, 2023

	Private-Purpose Trust Funds	
	Scholarship Fund	Total
ASSETS		
Cash and cash equivalents	\$ 23,645	\$ 23,645
Total Assets	<u>\$ 23,645</u>	<u>\$ 23,645</u>
LIABILITIES		
Payables from restricted assets	\$ 23,645	\$ 23,645
Total Liabilities	<u>23,645</u>	<u>23,645</u>
NET POSITION		
Held in trust for pension benefits	-	-
Total Net Position	<u>\$ -</u>	<u>\$ -</u>

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

MCALLEN ISD
 COMBINING STATEMENT OF CHANGES PRIVATE-PURPOSE TRUST FUNDS NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Private-Purpose Trust Funds	
	Scholarship Fund	Total
Additions:		
Interest	\$ -	\$ -
Student activity revenues	-	-
Total Operating Revenue	-	-
Deductions:		
Payroll costs	-	-
Student activities	-	-
Total Operating Expenses	-	-
Change in Net Position	-	-
Net Position - Beginning	-	-
Total Net Position - Ending	\$ -	\$ -

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



OTHER SUPPLEMENTARY INFORMATION

MCALLEN ISD
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2023

Last 10 Fiscal	(1)	(2)	(3) Assessed/Appraised Value for School Tax Purposes
	Tax Rates		
	Maintenance	Debt Service	
2014 and prior	1.0400	0.1250	\$ 6,218,879,252
2015	1.0400	0.1250	6,192,959,091
2016	1.0400	1.1150	6,437,876,627
2017	1.1550	0.0000	6,977,731,212
2018	1.1550	0.0000	7,065,804,368
2019	1.1550	0.0000	7,336,882,611
2020	1.0586	0.0942	7,747,732,008
2021	1.0450	0.0936	7,964,158,964
2022	1.0486	0.0884	8,227,795,767
2023 (School year under audit)	1.0206	0.0758	9,021,211,760
1000	TOTAL		

*Fiscal year ends prior to 2010 are August 31
(3) Source: Hidalgo County Tax Office

(10) Beginning Balance 7/1/2023	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2023
1,505,530	-	97,743	9,556	(32,124)	1,366,107
177,345	-	14,290	1,718	(3,987)	157,350
209,287	-	15,249	1,686	(4,708)	187,644
225,209	-	23,759	-	(5,435)	196,015
333,282	-	39,460	-	(82,754)	211,068
404,271	-	41,933	-	(33,001)	329,337
647,388	-	137,035	12,194	7,096	505,255
889,555	-	258,796	23,180	(102,731)	504,848
2,394,439	-	1,207,123	101,764	(301,191)	784,361
-	96,621,136	87,507,087	6,499,155	298,518	2,913,412
<u>\$ 6,786,306</u>	<u>\$ 96,621,136</u>	<u>\$ 89,342,475</u>	<u>\$ 6,649,253</u>	<u>\$ (260,317)</u>	<u>\$ 7,155,397</u>

MCALLEN ISD
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Data Control Codes	Explanation	
1	Total General Fund Balance as of June 30, 2023 (from Exhibit C-1 - object 3000 for the General Fund only)	\$ 134,836,211
2	Total General Fund Non-Spendable Fund Balance (from Exhibit C-1 - total of object 341x-343x for the General Fund only)	\$ 3,831,050
3	Total General Fund Restricted Fund Balance (from Exhibit C-1- total object 345x-349x for the General Fund only)	30,898,121
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351x-354x for the General Fund only)	21,877,040
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355x-359x for the General Fund only)	20,006,240
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	-
7	Estimate of two and a half months' (75 days) average cash disbursements during the fiscal year	49,677,415
8	Estimate of delayed payments from state sources (58xx)	50,825
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	-
10	Estimate of delayed payments from federal sources (59xx)	14,253,205
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	<u>-</u>
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	<u>140,593,896</u>
13	Excess (Deficit) Unassigned General Fund Balance (1-12)	(5,757,685)
14	Estimate of two and a half months' (75 days) average cash disbursements for salaries reclassified to ESSER during the fiscal year.	(2,302,512)
15	Estimate of one time delayed payments for ECF and ESSER	<u>8,334,368</u>
16	Revised Excess (Deficit) Unassigned General Fund Balance (13+14+15)	<u><u>\$ 274,171</u></u>

The excess Unassigned General Fund Balance will be used in subsequent years towards any unforeseen needs of the District.

MCALLEN ISD
 COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

UNAUDITED

Data
 Control
 Codes

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.	\$ 22,884,172
AP4	List the actual direct program expenditures for State Compensatory Education Programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 15,521,441

Section B: Bilingual Education Program

AP5	Did your LEA expend any Bilingual Education Program state allotment funds during the LEA's fiscal year?	YES
AP6	Does the LEA have written policies and procedures for its Bilingual Education Program?	YES
AP7	List the total state allotment funds received for Bilingual Education Programs during the LEA's fiscal year.	\$ 4,347,998
AP9	List the actual direct program expenditures for Bilingual Education Programs during the LEA's fiscal year. (PICs 25, 35)	\$ 2,750,524

MCALLEN ISD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With Final Budget	
	Original	Final	(GAAP Basis)	Positive or (Negative)	
REVENUES:					
5700	Local and intermediate sources	\$ 6,813,200	\$ 6,815,267	\$ 6,896,476	\$ 81,209
5800	State program revenues	-	352,408	356,048	3,640
5020	Total Revenues	<u>6,813,200</u>	<u>7,167,675</u>	<u>7,252,524</u>	<u>84,849</u>
EXPENDITURES:					
Debt Service:					
0071	Principal on long-term debt	5,175,000	5,175,000	5,175,000	-
0072	Interest on long-term debt	1,633,200	1,633,200	1,633,200	-
0073	Bond issuance cost and fees	5,000	5,945	5,945	-
6030	Total Expenditures	<u>6,813,200</u>	<u>6,814,145</u>	<u>6,814,145</u>	<u>-</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>353,530</u>	<u>438,379</u>	<u>84,849</u>
1200	Net Change in Fund Balances	-	353,530	438,379	84,849
0100	Fund Balance - Beginning	<u>3,328,219</u>	<u>3,328,219</u>	<u>3,328,221</u>	<u>-</u>
3000	Fund Balance - Ending	<u>\$ 3,328,219</u>	<u>\$ 3,681,749</u>	<u>\$ 3,766,600</u>	<u>\$ 84,849</u>

STATISTICAL SECTION



MCALLEN INDEPENDENT SCHOOL DISTRICT

STATISTICAL SECTION OVERVIEW (Unaudited)

This part of the District's Annual Comprehensive Financial Report presents detailed information to provide the reader's of the District's financial information with a background for a better understanding of the information in the financial statements, note disclosures and required supplementary information.

The statistical section is organized in the following sections:

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

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

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

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

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



FINANCIAL TRENDS INFORMATION

MCALLEN INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN YEARS

	2014	2015	2016	2017
Governmental Activities				
Net Investment in Capital Assets	\$ 113,908,785	\$ 119,062,432	\$ 115,343,800	\$ 125,192,579
Restricted	9,583,622	10,771,985	12,211,190	10,684,853
Unrestricted	<u>78,350,164</u>	<u>54,333,232</u>	<u>50,644,391</u>	<u>44,832,215</u>
Total Governmental Activities Net Position	\$ 201,842,571	\$ 184,167,649	\$ 178,199,381	\$ 180,709,647
Business-Type Activities				
Net Investment in Capital Assets	\$ 27,162	\$ 21,410	\$ 16,124	\$ 11,196
Restricted	-	-	-	-
Unrestricted	<u>519,488</u>	<u>515,668</u>	<u>529,264</u>	<u>538,301</u>
Total Business-Type Activities Net Position	\$ 546,650	\$ 537,078	\$ 545,388	\$ 549,497
Primary Government				
Net Investment in Capital Assets	\$ 113,935,947	\$ 119,083,842	\$ 115,359,924	\$ 125,203,775
Restricted	9,583,622	10,771,985	12,211,190	10,684,853
Unrestricted	<u>78,869,652</u>	<u>54,848,900</u>	<u>51,173,655</u>	<u>45,370,516</u>
Total Primary Government Net Position	<u>\$ 202,389,221</u>	<u>\$ 184,704,727</u>	<u>\$ 178,744,769</u>	<u>\$ 181,259,144</u>

Source:

Financial Statements and Independent Auditors' Report

Statement of Net Position (Exhibit A-1)

Statement of Activities (Exhibit B-1)

**Effective 2018, the District implemented GASB 75 Statement, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

***Reclassification: Certain amounts in the prior period statements have been reclassified to conform to the presentation of the current period financial statements.

****Effective 2022, the District early implemented Guidance Update 2021 of the GASB 2015-1 Guide

*****Effective 2023, the District implemented GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITA)

2014-2023 Fiscal Year End 6/30

TABLE L-1

2018**	2019***	2020	2021	2022****	2023*****
\$ 129,365,506	\$ 133,487,812	\$ 118,050,108	\$ 112,211,172	\$ 129,965,545	\$ 157,218,485
8,211,978	17,338,248	28,749,534	32,946,262	37,787,254	36,972,435
<u>(71,269,887)</u>	<u>(82,315,316)</u>	<u>(81,244,662)</u>	<u>(78,530,727)</u>	<u>(34,752,449)</u>	<u>(46,422,514)</u>
\$ 66,307,597	\$ 68,510,744	\$ 65,554,980	\$ 66,626,707	\$ 133,000,350	\$ 147,768,406
\$ 6,268	\$ 2,017	\$ 1,153	\$ 288	\$ -	\$ -
-	-	-	-	-	-
<u>575,095</u>	<u>614,885</u>	<u>718,128</u>	<u>647,822</u>	<u>729,590</u>	<u>832,333</u>
\$ 581,363	\$ 616,902	\$ 719,281	\$ 648,110	\$ 729,590	\$ 832,333
\$ 129,371,774	\$ 133,489,829	\$ 118,051,261	\$ 112,211,460	\$ 129,965,545	\$ 157,218,485
8,211,978	17,338,248	28,749,534	32,946,262	37,787,254	36,972,435
<u>(70,694,792)</u>	<u>(81,700,431)</u>	<u>(80,526,534)</u>	<u>(77,882,905)</u>	<u>(34,022,859)</u>	<u>(45,590,181)</u>
<u>\$ 66,888,960</u>	<u>\$ 69,127,646</u>	<u>\$ 66,274,261</u>	<u>\$ 67,274,817</u>	<u>\$ 133,729,940</u>	<u>\$ 148,600,739</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL/BUSINESS TYPE ACTIVITIES EXPENSES AND PROGRAM REVENUES
LAST TEN YEARS

<u>Expenses</u>	2014	2015	2016	2017
Governmental Activities:				
Instruction	\$ 134,045,799	\$ 139,861,299	\$ 154,583,806	\$ 145,441,790
Instructional Resource and Media Services	3,803,185	3,762,979	4,400,086	4,672,789
Curriculum and Staff Development	6,161,535	5,653,326	6,300,188	5,851,811
Instructional Leadership	3,003,358	2,906,986	3,256,892	3,237,332
School Leadership	12,797,288	13,173,910	14,275,866	13,917,035
Guidance, Counseling and Evaluation Services	9,525,084	9,709,441	10,834,298	11,406,859
Social Work Services	1,278,261	1,214,519	1,368,213	1,558,170
Health Services	3,141,132	3,130,412	3,362,747	3,338,970
Student (Pupil) Transportation	3,257,435	3,514,171	3,956,666	3,885,371
Food Services	14,652,070	15,933,875	17,446,776	17,155,534
Extracurricular Activities	8,051,832	8,564,019	10,078,863	11,254,476
General Administration	5,710,466	5,776,741	6,023,047	6,575,058
Facilities Maintenance and Operations	20,684,131	21,083,173	24,012,580	24,551,465
Security and Monitoring Services	2,393,738	2,497,185	2,950,793	3,602,360
Data Processing Services	3,163,740	3,203,516	3,353,761	3,715,980
Community Services	1,552,888	1,359,458	1,328,735	1,423,477
Debt Service-Interest and Fees on Long-Term Debt	4,234,704	4,049,791	3,712,199	3,504,980
Payment to Juvenile Justice Alternative Ed. Prg.	17,766	63,733	61,834	13,416
Appraisal of Property	651,087	734,354	707,839	729,669
Total Governmental Activities Expenses	238,125,499	246,192,888	272,015,189	265,836,542
Business-Type Activities:				
Project Safe and Secure	473,460	491,194	409,173	352,228
Tuition Based Pre-K Program	-	-	-	-
Total Business-Type Activities Expenses	473,460	491,194	409,173	352,228
Total Primary Government Expenses	\$ 238,598,959	\$ 246,684,082	\$ 272,424,362	\$ 266,188,770
Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$ 2,384,155	\$ 2,339,943	\$ 2,028,937	\$ 1,582,823
Instructional Resources and Media Services	18,755	55,915	47,866	10,966
Curriculum and Staff Development	12,880	18,674	23,619	18,431
Instructional Leadership	157,346	187,038	143,634	170,102
School Leadership	839,542	250,645	207,717	242,368
Guidance, Counseling and Evaluation Services	77,359	78,261	97,027	113,027
Health Services	4,869	4,727	4,171	34,020
Student (Pupil) Transportation	-	-	-	-
Food Services	1,333,476	489,017	367,386	277,995
Extracurricular Activities	619,398	767,481	1,122,376	1,139,013
General Administration	-	-	11,926	355,456
Facilities Maintenance and Operations	193	1,267	37,221	61,682
Security and Monitoring Services	-	2,444	2,659	10,966
Data Processing Services	-	-	-	-
Community Services	3,167	33,168	52,284	10,965
Payment to Juvenile Justice Alternative Ed. Prg.	-	-	-	-
Operating Grants/Capital and Contributions	50,873,821	61,682,952	62,782,915	57,117,308
Total Governmental Activities Revenues	56,324,961	65,911,532	66,929,738	61,145,122
Business Type-Activities:				
Charges for Services				
Project Safe and Secure	466,939	481,622	464,793	458,809
Tuition Based Pre-K Program	-	-	-	-
Total Business-Type Activities Revenues	466,939	481,622	464,793	458,809
Total Primary Government Revenues	\$ 56,791,900	\$ 66,393,154	\$ 67,394,531	\$ 61,603,931
Net (Expense)/Revenue:				
Governmental Activities	\$ (181,800,538)	\$ (180,281,356)	\$ (205,085,451)	\$ (204,691,420)
Business-Type Activities	(6,521)	(9,572)	55,620	106,581
Total Primary Government Net Expense	\$ (181,807,059)	\$ (180,290,928)	\$ (205,029,831)	\$ (204,584,839)

Source:

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

**Effective 2018, the District implemented GASB 75 Statement, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

***Effective 2022, the District early implemented Guidance Update 2021 of the GASB 2015-1 Guide

****Effective 2023, the District implemented GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITA)

2014-2023 Fiscal Year End 6/30

TABLE L-2

2018**	2019	2020	2021	2022***	2023*****
\$ 95,025,917	\$ 147,114,988	\$ 166,485,825	\$ 154,271,550	\$ 149,109,588	\$ 148,002,354
2,692,989	3,883,279	4,078,410	3,897,937	3,519,981	8,107,400
3,706,431	4,898,091	5,866,581	5,652,412	8,886,489	10,586,943
2,317,125	3,739,490	4,080,452	3,884,880	4,022,225	4,493,799
8,945,622	14,228,954	14,953,868	14,523,225	13,268,340	13,332,361
7,453,877	11,924,007	12,511,684	12,024,567	12,079,210	13,033,639
1,021,065	1,711,441	2,047,657	2,068,933	2,182,654	2,650,888
2,128,230	3,409,052	3,555,774	3,387,373	3,247,444	3,080,000
2,769,314	4,306,951	4,973,074	3,929,206	5,259,356	5,107,094
12,734,114	16,766,629	18,242,947	20,558,050	19,001,478	20,812,868
9,551,794	11,896,380	11,380,789	9,120,756	10,949,134	11,751,284
5,001,496	7,214,175	8,431,965	8,408,750	7,993,518	9,968,146
20,804,983	23,883,077	23,395,713	26,294,888	26,819,675	21,087,884
2,336,208	4,315,094	5,056,040	4,529,601	4,844,285	5,561,241
2,230,022	3,186,859	4,910,562	6,096,435	8,191,216	5,689,765
833,048	1,542,863	1,734,500	2,157,405	1,534,092	1,622,027
3,233,723	2,944,211	3,510,305	3,860,884	3,460,885	2,942,426
40,000	40,000	40,000	-	40,000	40,000
733,144	815,564	852,122	906,174	934,269	928,372
<u>183,559,102</u>	<u>267,821,105</u>	<u>296,108,268</u>	<u>285,573,026</u>	<u>285,343,839</u>	<u>288,798,491</u>
323,198	347,327	246,270	94,326	304,146	325,458
-	73,604	63,442	75,682	97,408	103,351
<u>323,198</u>	<u>420,931</u>	<u>309,712</u>	<u>170,008</u>	<u>401,554</u>	<u>428,809</u>
\$ 183,882,300	\$ 268,242,036	\$ 296,417,980	\$ 285,743,034	\$ 285,745,393	\$ 289,227,300
\$ 1,996,708	\$ 2,631,933	\$ 2,331,521	\$ 2,752,827	\$ 2,628,898	\$ 2,719,776
12,651	4,722	2,297	2,777	2,431	4,234
44,444	40,576	12,925	5,554	97,270	113,483
170,727	199,588	218,777	277,924	199,288	210,533
238,391	272,724	145,576	53,757	70,827	272,838
102,544	110,699	89,587	95,895	93,673	126,821
-	4,722	2,297	10,847	973	2,188
-	-	4,594	-	863	2,199
366,544	419,560	309,152	20,885	53,993	218,442
1,267,511	1,255,943	1,026,371	349,647	1,288,861	1,399,694
87,918	58,750	57,431	149,960	190,082	119,794
67,924	90,843	59,830	37,686	8,996,499	3,081,916
2,320	6,217	4,594	-	2,855	13,159
-	-	2,297	-	296	659
-	-	-	-	8,616	12,452
-	18,889	22,972	27,770	-	36,640
<u>7,673,412</u>	<u>60,064,501</u>	<u>60,734,131</u>	<u>61,699,546</u>	<u>120,355,593</u>	<u>72,379,168</u>
<u>12,031,094</u>	<u>65,179,667</u>	<u>65,024,352</u>	<u>65,485,075</u>	<u>133,991,018</u>	<u>80,713,996</u>
470,057	497,048	347,090	68,383	428,078	499,314
-	99,295	85,969	51,103	54,359	86,235
<u>470,057</u>	<u>596,343</u>	<u>433,059</u>	<u>119,486</u>	<u>482,437</u>	<u>585,549</u>
\$ 12,501,151	\$ 65,776,010	\$ 65,457,411	\$ 65,604,561	\$ 134,473,455	\$ 81,299,545
\$ (171,528,008)	\$ (202,641,438)	\$ (231,083,916)	\$ (220,087,951)	\$ (151,352,821)	\$ (208,084,495)
<u>146,859</u>	<u>175,412</u>	<u>123,347</u>	<u>(50,522)</u>	<u>80,883</u>	<u>156,740</u>
\$ (171,381,149)	\$ (202,466,026)	\$ (230,960,569)	\$ (220,138,473)	\$ (151,271,938)	\$ (207,927,755)

MCALLEN INDEPENDENT SCHOOL DISTRICT
GENERAL/BUSINESS REVENUE AND CHANGES IN NET POSITION
LAST TEN YEARS

	2014	2015	2016	2017
<u>Net (Expense)/Revenue</u>				
Governmental Activities	\$ (181,800,538)	\$ (180,281,356)	\$ (205,085,451)	\$ (204,691,420)
Business-Type Activities	(6,521)	(9,572)	55,620	106,581
Total Primary Government Net Expense	\$ (181,807,059)	\$ (180,290,928)	\$ (205,029,831)	\$ (204,584,839)
<u>General Revenue and Changes in Net Position</u>				
Governmental Activities:				
Property Taxes-General	\$ 64,459,060	\$ 65,175,197	\$ 66,686,400	\$ 79,125,006
Property Taxes-Debt Services	7,770,824	7,817,726	7,376,451	54,253
Investment Earnings	91,110	62,186	340,885	757,324
State Aid Formula Grants	-	-	-	-
Grants & Contributions Not Restricted	117,019,432	117,324,312	124,543,816	126,912,697
Extraordinary Item	9,305,643	-	-	-
Miscellaneous	38,613	485,958	122,321	249,934
Transfers	57,255	-	47,310	102,472
Total Governmental Activities	198,741,937	190,865,379	199,117,183	207,201,686
Business-Type Activities:				
Miscellaneous	-	-	-	-
Transfers	(57,255)	-	(47,310)	(102,472)
Total Business-Type Activities	(57,255)	-	(47,310)	(102,472)
Total Primary Government Net Revenue	\$ 198,684,682	\$ 190,865,379	\$ 199,069,873	\$ 207,099,214
<u>Primary Government Changes in Net Position</u>				
Governmental Activities	\$ 16,941,399	\$ 10,584,023	\$ (5,968,268)	\$ 2,510,266
Business-Type Activities	(63,776)	(9,572)	8,310	4,109
Total Primary Government Changes in Net Position	\$ 16,877,623	\$ 10,574,451	\$ (5,959,958)	\$ 2,514,375

Source:

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

**Effective 2018, the District implemented GASB 75 Statement, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

*** Effective 2020, the State Aid Formula Grants and Grants & Contributions Non Restricted have been separated for disclosure purposes.

****Effective 2022, the District early implemented Guidance Update 2021 of the GASB 2015-1 Guide

*****Effective 2023, the District implemented GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITA)

2014-2023 Fiscal Year End 6/30

TABLE L-3

2018**	2019	2020***	2021	2022****	2023*****
\$ (171,528,008)	\$ (202,641,438)	\$ (231,083,916)	\$ (220,087,951)	\$ (151,352,821)	\$ (208,084,495)
146,859	175,412	123,347	(50,522)	80,883	156,740
\$ (171,381,149)	\$ (202,466,026)	\$ (230,960,569)	\$ (220,138,473)	\$ (151,271,938)	\$ (207,927,755)
\$ 81,929,068	\$ 84,383,358	\$ 80,332,951	\$ 81,635,756	\$ 86,344,845	\$ 90,987,618
39,291	32,386	7,156,959	7,306,164	7,270,639	6,767,868
1,471,057	2,711,425	2,012,673	335,225	(399,273)	6,083,947
-	-	125,851,753	128,541,436	116,466,793	111,302,894
122,726,350	117,374,907	11,686,451	2,879,362	2,296,187	6,465,274
-	-	-	-	-	-
262,630	202,636	1,066,396	441,082	783,050	1,253,319
114,993	139,873	20,968	20,654	(596)	54,335
206,543,389	204,844,585	228,128,151	221,159,679	212,761,645	222,915,255
-	-	-	-	-	338.00
(114,993)	(139,873)	(20,968)	(20,654)	596	(54,335)
(114,993)	(139,873)	(20,968)	(20,654)	596	(53,997)
\$ 206,428,396	\$ 204,704,712	\$ 228,107,183	\$ 221,139,025	\$ 212,762,241	\$ 222,861,258
\$ 35,015,381	\$ 2,203,147	\$ (2,955,765)	\$ 1,071,728	\$ 61,408,824	\$ 14,830,760
31,866	35,539	102,379	(71,176)	81,479	102,743
\$ 35,047,247	\$ 2,238,686	\$ (2,853,386)	\$ 1,000,552	\$ 61,490,303	\$ 14,933,503

MCALLEN INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS

	2014	2015	2016	2017
General Fund				
Non-spendable:				
Inventories	\$ 850,559	\$ 1,161,734	\$ 1,180,357	\$ 1,130,448
Prepaid Items	1,691,333	1,636,002	1,667,985	1,590,668
Restricted:				
Federal or State Funds Grant Restriction	7,699,257	9,008,031	11,243,329	12,711,298
Other Restricted Fund Balance	2,358,563	3,532,335	4,746,630	5,959,118
Committed Fund Balance:				
Construction	-	-	-	-
Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:				
Construction	12,622,473	11,480,004	12,470,734	6,846,916
Capital Expenditures for Equipment	4,043,040	1,748,475	2,861,369	1,104,228
Other Assigned Fund Balance	32,000	3,775,071	546,303	3,990,768
Unassigned Fund Balance	44,742,153	47,765,665	49,379,229	53,429,288
Total General Fund Balance	\$ 74,039,378	\$ 80,107,317	\$ 84,095,936	\$ 86,762,732
All Other Governmental Funds				
Restricted:				
Federal or State Funds Grant Restrictions	\$ 2,592,410	\$ 2,461,067	\$ 2,052,543	\$ 1,393,035
Restricted for Capital Acquisitions	-	-	-	-
Retirement of Long-Term Debt	5,098,638	5,194,117	5,078,277	4,905,627
Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:				
Other Committed Fund Balance	952,423	963,749	905,853	836,147
Assigned Fund Balance:				
Construction	-	-	-	-
Total All Other Governmental Fund Balances	8,643,471	8,618,933	8,036,673	7,134,809
Total Governmental Fund Balance	\$ 82,682,849	\$ 88,726,250	\$ 92,132,609	\$ 93,897,541
Governmental Funds				
Beginning Fund Balance	\$ 72,224,359	\$ 82,682,849	\$ 88,726,250	\$ 92,132,608
Net Change in Fund Balance	10,458,490	6,043,401	3,406,359	1,764,933
Prior Period Adjustment	-	-	-	-
Ending Fund Balance	\$ 82,682,849	\$ 88,726,250	\$ 92,132,609	\$ 93,897,541

Source:

Financial Statement and Independent Auditors' Report

Balance Sheet-Governmental Funds (Exhibit C-1) 2014-2023

Statement of Revenues, Expenditure and Changes in Fund Balances (Exhibit C-2) 2014-2016

Statement of Revenues, Expenditure and Changes in Fund Balances (Exhibit C-3) 2017-2023

2014-2023 Fiscal Year End 6/30

TABLE L-4

2018	2019	2020	2021	2022	2023
\$ 903,884	\$ 1,288,053	\$ 1,314,020	\$ 1,346,908	\$ 1,296,579	\$ 1,034,593
1,351,417	1,447,325	1,722,543	1,952,112	1,926,634	2,796,457
14,260,893	16,211,693	15,838,847	17,433,743	20,398,976	17,401,272
7,210,718	8,617,741	9,961,854	11,206,662	11,847,522	13,496,849
4,129,547	2,742,366	515,626	307,451	22,285,379	15,498,195
-	-	-	-	11,759,321	6,378,845
4,285,561	3,295,925	668,504	1,923,165	1,499,437	1,705,551
2,545,667	4,316,186	1,727,319	5,481,523	7,983,488	6,344,197
2,812,743	5,663,375	9,688,667	11,923,358	14,520,337	11,956,492
54,187,604	54,487,758	56,262,851	56,020,075	56,415,900	58,223,760
\$ 91,688,034	\$ 98,070,422	\$ 97,700,231	\$ 107,594,997	\$ 149,933,573	\$ 134,836,211
\$ 708,083	\$ 475,469	\$ 577,521	\$ 1,354,306	\$ 1,941,629	\$ 2,024,102
-	-	25,330,814	-	-	-
2,646,444	1,740,717	2,046,425	2,639,059	3,328,221	3,766,600
-	-	-	19,264,672	11,561,567	8,462,729
833,712	872,990	980,400	809,603	1,005,993	1,174,854
-	-	4,856,225	3,990,311	3,208,519	8,249,588
4,188,239	3,089,176	33,791,385	28,057,951	21,045,929	23,677,873
\$ 95,876,273	\$ 101,159,598	\$ 131,491,616	\$ 135,652,948	\$ 170,979,502	\$ 158,514,084
\$ 93,897,541	\$ 95,876,273	\$ 101,159,598	\$ 131,491,616	\$ 135,652,942	\$ 170,979,502
1,978,732	5,283,325	30,332,018	4,161,332	35,326,560	(12,402,714)
-	-	-	-	-	(62,704)
\$ 95,876,273	\$ 101,159,598	\$ 131,491,616	\$ 135,652,948	\$ 170,979,502	\$ 158,514,084



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

TABLE L-5

Fiscal Year	Local and Intermediate Sources			State Programs			Federal Programs	Total
	Property Tax	Tuition	Other	Per Capita and Foundation	On Behalf TRS Payments	Other		
2014	70,754,428	1,980,621	5,032,570	115,826,535	8,871,973	4,617,966	38,208,494	245,292,587
2015	72,581,728	2,015,175	7,614,718	115,823,088	9,414,284	7,488,349	42,388,513	257,325,855
2016	72,956,264	2,030,109	3,978,980	122,831,447	9,858,257	7,052,734	41,309,336	260,017,127
2017	77,713,582	2,091,256	3,890,578	126,948,116	10,349,174	3,717,909	42,030,986	266,741,601
2018	80,745,481	2,017,423	5,095,811	122,115,433	10,432,984	3,388,885	36,586,728	260,382,745
2019	83,050,839	2,513,770	6,623,173	116,673,307	10,355,983	1,280,402	39,237,909	259,735,383
2020	86,152,446	2,439,971	5,478,518	125,677,650	12,089,639	4,381,056	45,611,960	281,831,240
2021	88,466,069	3,088,046	2,547,818	128,370,357	11,825,513	1,943,284	47,140,263	283,381,350
2022	92,967,452	2,915,227	12,088,342	116,296,770	9,332,523	2,075,795	124,238,651	359,914,760
2023	96,083,713	2,865,513	13,851,167	110,946,846	12,357,722	985,687	78,605,107	315,695,755

Source:
 Financial Statement and Independent Auditors' Report
 Statement of Revenues, Expenditure and Changes in Fund Balances (Exhibit C-2) 2014-2016
 Statement of Revenues, Expenditure and Changes in Fund Balances (Exhibit C-3) 2017-2023
 2014-2023 Fiscal Year End 6/30

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

Fiscal Year	Instructional and Instructional Related Services	Instructional and School Leadership	Support Services Student Other	Administrative Support Services	Support Services Not -Student Based	Ancillary Services
2014	\$ 137,752,410	\$ 15,747,366	\$ 38,191,475	\$ 5,687,612	\$ 23,287,968	\$ 1,553,509
2015	141,790,294	15,991,820	40,259,443	5,734,533	23,293,445	1,376,164
2016	151,398,283	16,469,193	43,054,063	5,739,614	25,963,583	1,242,633
2017	142,085,970	16,321,552	44,548,065	6,331,540	26,660,084	1,321,574
2018	142,388,925	16,788,033	45,669,203	6,572,577	26,178,309	1,248,712
2019	140,826,303	16,557,859	44,808,076	6,770,537	26,237,195	1,432,907
2020	158,306,224	17,346,862	46,730,432	7,801,327	28,324,071	1,575,286
2021	153,614,078	17,788,188	47,000,639	7,887,928	32,869,009	2,101,428
2022	169,996,945	18,975,354	53,701,140	8,346,245	37,854,070	1,679,115
2023	162,411,760	18,765,191	56,244,594	8,833,308	32,567,111	1,605,500

Source:
Financial Statements and Independent Auditors' Report
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-2) 2014-2016
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3) 2017-2023
Reconciliation of Statement (Exhibit C-3) 2014-2016
Reconciliation of the Governmental Funds Statement (Exhibit C-4) 2017, 2020-2023
Reconciliation of the Governmental Funds Balance Sheet (Exhibit C-2) 2018-2019
2014-2023 Fiscal Year End 6/30

TABLE L-6

Debt Service Principal	Debt Service Interest	Debt Service Other Fees	Capital Outlay	Inter-Governmental Charges	Total Governmental Fund Expenditures	*Ratio of Debt Services to Non-Capital Expenditures
\$ 10,004,507	\$ 3,994,703	\$ 13,918	\$ 7,335,206	\$ 668,853	\$ 244,237,527	5.91%
8,541,187	4,695,852	16,608	8,852,338	798,087	251,349,771	5.46%
7,363,707	4,371,926	11,828	8,788,885	769,673	265,173,388	4.58%
9,215,686	4,244,207	8,000	14,131,700	743,085	265,611,463	5.35%
9,466,238	4,033,099	6,690	5,050,707	773,144	258,175,637	5.33%
7,912,290	3,677,445	5,530	5,687,611	855,564	254,771,317	4.65%
6,331,912	3,437,255	268,064	14,869,293	892,122	285,882,848	3.60%
8,684,561	3,880,902	463,570	10,709,870	906,174	285,906,347	4.57%
10,715,294	3,776,732	12,155	18,898,913	974,269	324,930,232	4.74%
6,830,020	3,444,281	12,180	38,564,446	968,372	330,246,763	3.52%

* Ratio of Debt Services to Non-Capital Expenditures Percentage was calculated as follows:

$$\frac{(\text{Debt Service Principal} + \text{Debt Service Interest})}{(\text{Total Expenditures} - \text{Capital Outlay})} = 3.52\%$$

$$\frac{(6,830,020 + 3,444,281)}{330,246,763 - 38,564,446} = 3.52\%$$

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Excess of Revenue Over (Under) Expenditures	\$ 1,055,060	\$ 5,976,084	\$ (5,156,261)	\$ 1,130,138
Other Financing Sources (Uses)				
Issuance of Bonds	-	-	-	-
Refunding Bonds Issued	-	-	-	-
Sale of Real and Personal Property	40,532	81,254	84,887	532,323
Issuance of Leases	-	-	8,430,422	-
Loan Proceeds	-	-	-	-
Transfer In	57,255	-	47,310	7,652,176
Premium on Issuance of Bonds	-	-	-	-
Discounts on Issuance of Bonds	-	-	-	-
Transfer Out	-	(13,934)	-	(7,549,704)
Payments of Bonds	-	-	-	-
Payment to Escrow	-	-	-	-
Total Other Financing Sources (Uses)	<u>97,787</u>	<u>67,320</u>	<u>8,562,619</u>	<u>634,795</u>
Special Items				
Extraordinary Items (Resources)	<u>9,305,643</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	<u><u>\$ 10,458,490</u></u>	<u><u>\$ 6,043,404</u></u>	<u><u>\$ 3,406,358</u></u>	<u><u>\$ 1,764,933</u></u>

Source:
Financial Statements and Independent Auditors' Report
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-2) 2014-2016
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3) 2017-2023
2014-2023 Fiscal Year End 6/30

TABLE L-7

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 2,207,108	\$ 4,964,066	\$ (4,051,608)	\$ (2,524,997)	\$ 34,984,528	\$ (14,551,008)
-	-	-	40,875,000	-	-
-	-	-	-	-	-
156,631	179,386	1,936,895	2,398,305	266,498	247,848
-	-	5,286,917	4,175,623	205,301	1,846,111
-	-	28,701,259	-	-	-
7,374,887	8,005,288	3,616,903	844,654	1,447,632	11,425,433
-	-	-	-	-	-
-	-	-	5,332,904	-	-
(7,759,894)	(7,865,415)	(5,158,348)	(1,190,151)	(1,577,399)	(11,371,098)
-	-	-	-	-	-
-	-	-	(45,750,006)	-	-
(228,376)	319,259	34,383,626	6,686,329	342,032	2,148,294
-	-	-	-	-	-
<u>\$ 1,978,732</u>	<u>\$ 5,283,325</u>	<u>\$ 30,332,018</u>	<u>\$ 4,161,332</u>	<u>\$ 35,326,560</u>	<u>\$ (12,402,714)</u>

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

<u>Fiscal Year</u>	<u>Average Daily Attendance</u>	<u>Instructional and Instructional Related Services</u>	<u>Instructional and School Leadership</u>	<u>Support Services Student Other</u>	<u>Administrative Support Services</u>
2014	23,302	\$ 5,925	\$ 676	\$ 1,663	\$ 245
2015	22,770	6,244	703	1,796	252
2016	22,400	6,765	735	1,955	260
2017	22,177	6,407	736	2,086	292
2018	21,825	6,530	769	2,155	304
2019	21,161	6,669	783	2,160	322
2020	20,645	7,672	840	2,359	378
2021	20,311	7,568	876	2,390	392
2022	18,697	9,158	1,015	2,915	449
2023	18,255	8,996	1,037	3,194	487

Source:

Financial Statements and Independent Auditors' Report
Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit C-2) 2014-2016
Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit C-3) 2017-2023
PEIMS DATA Report (PFR7D001) 2014-2016
TSDS PEIMS Report (PDM3-130-001) 2017-2023
FY 2020 includes a factor adjustment to the PEIMS Report data of 0.995 per TEA guidance
FY 2022 includes TEA Operational Minutes Adjustment to the PEIMS Report data
2014-2023 Fiscal Year End 6/30

Note: Average Daily Attendance-the average daily attendance of eligible enrollees, district-wide

TABLE L-8

<u>Support Services Not -Student Based</u>	<u>Ancillary Services</u>	<u>Debt Service Principal</u>	<u>Debt Service Interest and Other</u>	<u>Capital Outlay</u>	<u>Inter- Governmental Charges</u>	<u>Total Governmental Fund Expenditures by Function per Average Daily Attendance</u>
\$ 1,055	\$ 67	\$ 429	\$ 172	\$ 221	\$ 29	\$ 10,482
1,077	60	375	207	289	35	11,038
1,194	55	329	196	314	34	11,837
1,435	60	416	192	319	34	11,977
1,258	57	434	185	103	35	11,830
1,279	68	374	174	171	40	12,040
1,510	76	307	179	482	43	13,846
1,688	103	428	214	373	45	14,077
2,106	90	573	203	817	52	17,378
1,916	88	374	189	1,757	53	18,091



REVENUE CAPACITY INFORMATION

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

Fiscal Year	Assessed Value			Total Taxable Assessed Value
	Real Property	Minerals	Personal Property	
2014	\$ 5,396,121,899	\$ 10,367,570	\$ 812,389,783	\$ 6,218,879,252
2015	5,359,176,534	9,699,943	824,082,614	6,192,959,091
2016	5,572,398,989	8,839,414	856,638,224	6,437,876,627
2017	6,091,998,085	5,109,512	880,623,615	6,977,731,212
2018	6,162,969,165	5,935,685	896,899,518	7,065,804,368
2019	6,450,201,127	6,808,785	879,872,699	7,336,882,611
2020	6,821,973,654	4,682,623	921,075,731	7,747,732,008
2021	7,002,635,158	2,641,657	958,882,149	7,964,158,964
2022	7,248,633,709	1,974,519	977,187,539	8,227,795,767
2023	7,977,308,493	1,571,849	1,042,331,418	9,021,211,760

Source:
Financial Statements and Independent Auditors' Report
Certified Totals from Hidalgo County Appraisal District (2014-2023)
2014-2023 Fiscal Year End 6/30

TABLE L-9

<u>Estimated Actual Taxable Value</u>	<u>Ratio of Total Taxable Assessed Value to Estimated Actual Taxable Value</u>	<u>Total Direct Tax Rate</u>
\$ 7,705,489,474	80.71%	\$ 1.1650
7,637,882,649	81.08%	1.1650
8,132,711,592	79.16%	1.1550
8,727,081,408	79.95%	1.1550
8,854,674,967	79.80%	1.1550
9,180,201,564	79.92%	1.1550
9,694,370,520	79.92%	1.1528
9,941,474,224	80.11%	1.1386
10,277,383,845	80.06%	1.1370
11,641,994,325	77.49%	1.0964

MCALLEN INDEPENDENT SCHOOL DISTRICT
PROPERTY LEVIES AND COLLECTIONS
LAST TEN YEARS

TABLE L-10

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of Levy		Collection Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2014	\$ 72,425,946	\$ 68,498,702	94.58%	\$ 2,561,137	\$ 71,059,839	98.11%
2015	72,342,820	69,936,968	96.67%	2,248,502	72,185,470	99.78%
2016	72,899,595	70,412,533	96.59%	2,299,418	72,711,951	99.74%
2017	78,031,329	75,418,303	96.65%	2,417,011	77,835,314	99.75%
2018	80,756,102	78,268,821	96.92%	2,276,214	80,545,035	99.74%
2019	82,796,794	80,659,668	97.42%	1,807,789	82,467,457	99.60%
2020	86,994,467	84,183,950	96.77%	2,305,263	86,489,213	99.42%
2021	88,433,860	85,972,445	97.22%	1,956,568	87,929,013	99.43%
2022	92,526,861	90,433,613	97.74%	1,308,887	91,742,500	99.15%
2023	96,919,654	94,006,242	96.99%	-	94,006,242	96.99%

Source:
 Financial Statements and Independent Auditors' Report
 Certified Totals from Hidalgo County Appraisal District
 2014-2023 Fiscal Year End 6/30

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

TABLE L-11

Fiscal Year	Tax Rates (Per \$100 of Assessed Value)			Tax Levies		
	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Original Levy Total
2014	\$ 1.0400	\$ 0.1250	\$ 1.1650	\$ 63,476,318	\$ 7,629,354	\$ 71,105,672
2015	1.0400	0.1250	1.1650	63,287,180	7,606,621	70,893,801
2016	1.0400	0.1150	1.1550	65,702,091	7,265,127	72,967,218
2017	1.1550	0.0000	1.1550	78,984,670	-	78,984,670
2018	1.1550	0.0000	1.1550	79,980,500	-	79,980,500
2019	1.1550	0.0000	1.1550	83,161,525	-	83,161,525
2020	1.0586	0.0942	1.1528	80,304,199	7,145,897	87,450,096
2021	1.0450	0.0936	1.1386	81,122,319	7,266,055	88,388,374
2022	1.0486	0.0884	1.1370	83,454,404	7,035,401	90,489,805
2023	1.0206	0.0758	1.0964	89,941,199	6,679,936	96,621,135

Source:
 Financial Statements and Independent Auditors' Report
 Certified Tax Roll from Hidalgo County Tax Office
 Detail General Ledger Reports
 2014-2023 Fiscal Year End 6/30

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

TABLE L-12

Fiscal Year	Tax Year	Hidalgo County	South Texas ISD	District 1-4	McAllen ISD	STC	City of McAllen	Total Direct and Overlapping Tax Rate	Original Levy Total
2014	2013	\$ 0.5900	\$ 0.0492	\$ 0.2039	\$ 1.1650	\$ 0.1500	\$ 0.4313	\$ 2.5894	\$ 71,105,672
2015	2014	0.5900	0.0492	0.2055	1.1650	0.1850	0.4763	2.6710	70,893,801
2016	2015	0.5900	0.0492	0.2069	1.1550	0.1850	0.4763	2.6624	72,967,218
2017	2016	0.5900	0.0492	0.2103	1.1550	0.1850	0.4763	2.6658	78,984,670
2018	2017	0.5800	0.0492	0.2046	1.1550	0.1850	0.4763	2.6501	79,980,500
2019	2018	0.5800	0.0492	0.2014	1.1550	0.1780	0.4792	2.6428	83,161,525
2020	2019	0.5750	0.0492	0.2109	1.1528	0.1733	0.4957	2.6569	87,450,096
2021	2020	0.5750	0.0492	0.2047	1.1386	0.1718	0.4956	2.6349	88,388,374
2022	2021	0.5750	0.0492	0.2249	1.1370	0.1715	0.4956	2.6532	90,489,805
2023	2022	0.5750	0.0492	0.2136	1.0964	0.1615	0.4799	2.5756	96,621,136

Source:
 Financial Statements and Independent Auditors' Report
 Certified Tax Roll from Hidalgo County Tax Office
 Hidalgo County Tax Assessor-Collector Tax Rate Schedule (website)
 City of McAllen
 2014-2023 Fiscal Year End 6/30

MCALLEN INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
TAX YEAR 2022 AND 2013

TABLE L-13
Page 1 of 2

Taxpayer	Tax Year 2022 Assessed Valuation	Percentage Total Assessed Valuation
1 Simon Property Group-McAllen NO 2	\$ 156,416,994	1.91%
2 AEP Texas Inc-27th	70,458,840	0.86%
3 La Plaza Mall LLC	52,000,000	0.63%
4 Rio Grande Regional Hospital	49,777,852	0.61%
5 Universal Health Services	47,743,201	0.58%
6 Palm Crossing Town Center LLC	34,734,157	0.42%
7 Shops at 29 LTD	31,892,792	0.39%
8 S P Plaza L C	29,276,312	0.36%
9 McAllen Medical Center	26,413,357	0.32%
10 Calmac Suites LTD	25,300,000	0.31%
	\$ 524,013,505	6.39%

Source:
Certified Totals from Hidalgo County Appraisal District
Top Taxpayer 2022 (only provided top 10) & 2013

MCALLEN INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
TAX YEAR 2022 AND 2013

TABLE L-13
Page 2 of 2

Taxpayer	Tax Year 2013 Assessed Valuation	Percentage Total Assessed Valuation
1 Simon Property Group-McAllen NO 2	\$ 61,802,878	0.99%
2 Rio Grande Regional Hospital	55,613,615	0.89%
3 Universal Health Services	52,246,584	0.84%
4 Palm Crossing Town Center LLC	41,915,932	0.67%
5 AEP Texas Central Co	30,203,340	0.49%
6 H E Butt Grocery Company	24,437,376	0.39%
7 Inland Western McAllen Trenton	22,025,172	0.35%
8 GE Engine Services-McAllen LP	20,021,966	0.32%
9 McAllen Medical Center	19,185,516	0.31%
10 Dillard Texas OPG Ltd Prtnshp	16,200,000	0.26%
11 Texas State Bank	14,984,179	0.24%
12 Macy's	13,276,814	0.21%
13 Calmac Suites LTD	13,050,060	0.21%
14 S P Plaza L C	12,948,122	0.21%
15 Amreit River Valley L.P.	12,638,882	0.20%
16 Macy's Texas 1 LP	12,235,065	0.20%
17 Palms Crossing II LLC	11,919,088	0.19%
18 Inter National Bank	11,851,999	0.19%
19 South Western Bell Tele	11,731,570	0.19%
20 Jackson-Houston East LTD	11,293,568	0.18%
21 Wal-Mart Real Estate Business Trust	10,811,696	0.17%
22 Dillard's Inc. #727	10,576,150	0.17%
23 Walters Investments	10,549,926	0.17%
24 Hotel Operations Co Inc	10,262,103	0.17%
25 Coca-Cola Refreshments USA Inc	10,056,137	0.16%
	\$ 521,837,738	8.37%

DEBT CAPACITY INFORMATION

MCALLEN INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Fiscal Year	General Bonded Debt			Other Governmental Activities Debt			
	General Obligation Bonds	Premiums on Bonds	Accretion of Bonds	Maintenance Tax Notes	Premium on Tax Notes	Subscriptions Based Information Technology Arrangement	Capital Leases
2014	\$ 91,720,000	\$ 11,737,743	\$ 106,511	\$ 17,326,000	\$ -	\$ -	\$ 2,166,188
2015	85,405,000	10,253,970	264,390	17,266,000	-	-	-
2016	79,565,000	8,931,581	-	17,201,000	-	-	7,426,715
2017	73,060,000	7,732,321	-	17,136,000	-	-	4,781,029
2018	66,320,000	6,621,147	-	17,071,000	-	-	2,119,791
2019	60,180,000	5,595,237	-	17,006,000	-	-	412,501
2020	55,860,000	4,641,536	-	40,951,000	4,691,259	-	3,752,504
2021	50,155,000	6,139,094	-	40,101,000	4,647,567	-	5,048,566
2022	45,220,000	5,719,850	-	39,196,000	4,568,129	-	435,340
2023*	40,045,000	5,092,833	-	38,251,000	4,450,853	314,658	1,475,460

Source:
Financial Statements and Independent Auditors' Report
Notes to Financial Statement (Note 12) Long Term Debt Obligations
TEA Budgeted Financial Data
*Effective 2023, the District implemented GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITA)
2014-2023 Fiscal Year End 6/30

TABLE L-14

	Total Debt	*Total Debt to Personal Income	**Total Debt to Per Capita	***Total Debt to Estimated Actual Taxable Value	****Total Debt to Average Daily Membership
\$	123,056,442	0.58%	\$ 900	1.60%	\$ 4,901
	113,189,360	0.51%	815	1.48%	4,603
	113,124,296	0.50%	802	1.39%	4,676
	102,709,350	0.41%	717	1.18%	4,333
	92,131,938	0.36%	634	1.04%	3,897
	83,193,738	0.31%	558	0.91%	3,649
	109,896,299	0.40%	728	1.13%	4,916
	106,091,227	0.35%	710	1.07%	4,925
	95,139,319	N/A	640	0.93%	4,691
	89,629,804	N/A	599	0.77%	4,406

* Percentage of Personal Income calculated as follows:
Total Debt divided by Personal Income, Table L-20

**Total Debt to Per Capita calculated as follows:
Total Debt divided by Population, Table L-20

***Percentage of Estimated Actual Tax Value calculated as follows:
Total Debt divided by Estimated Actual Tax Value , Table L-17

****Total Debt to ADA calculated as follows:
Total Debt divided by Average Daily Membership, Table L-17

MCALLEN INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT

TABLE L-15

Political Subdivision	*Gross Debt Amounts	As of	Applicable to MISD	Overlapping Debt
DIRECT DEBT				
McAllen ISD - Bonds	\$ 45,137,833	6/30/2023	100.00%	\$ 45,137,833
McAllen ISD - Leases	1,475,460	6/30/2023	100.00%	1,475,460
Subscription Based Information Technology Arrangement	314,658	7/1/2023	100.00%	314,658
McAllen ISD - Maintenance Tax Notes	42,701,853	6/30/2023	100.00%	42,701,853
				<u>\$ 89,629,804</u>
OVERLAPPING DEBT				
Edinburg, City Of	\$ 103,775,000	6/30/2023	0.50%	\$ 518,875
Hidalgo Co.	367,135,000	6/30/2023	19.08%	70,049,358
Hidalgo Co DD #1	240,946,000	6/30/2023	19.67%	47,394,078
McAllen, City Of	91,080,000	6/30/2023	77.24%	70,350,192
Pharr, City of	116,002,635	6/30/2023	0.02%	23,201
South Texas College	112,069,693	6/30/2023	17.69%	19,825,129
Total Net Overlapping Debt				<u>208,160,832</u>
Total Direct and Overlapping Debt				<u>\$ 297,790,636</u>

* Gross Debt Amounts include related premium.

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

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and the businesses of the District. This process recognizes that, when considering the district's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

*Effective 2023, the District implemented GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITA)
 Source: Municipal Advisory Council of Texas



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

	2014	2015	2016	2017	2018
Assessed Valuation	\$ 6,218,879,252	\$ 6,192,959,091	\$ 6,437,876,627	\$ 6,977,731,212	\$ 7,065,804,368
Debt Limit-10% of Assessed Valuation	\$ 621,887,925	\$ 619,295,909	\$ 643,787,663	\$ 697,773,121	\$ 706,580,437
General Obligation Bonds	91,720,000	85,405,000	79,565,000	73,060,000	66,320,000
Deduct Amount Available in Debt Services Fund	<u>(5,098,638)</u>	<u>(5,194,117)</u>	<u>(5,078,277)</u>	<u>(4,905,627)</u>	<u>(2,646,444)</u>
Net General Bonded Debt	86,621,362	80,210,883	74,486,723	68,154,373	63,673,556
Maintenance Tax Note	17,326,000	17,266,000	17,201,000	17,136,000	17,071,000
Leases	2,166,188	-	7,426,715	4,781,029	2,119,791
Subscription Based Information Technology Arrangement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less : Applicable Debt Margin	<u>106,113,550</u>	<u>97,476,883</u>	<u>99,114,438</u>	<u>90,071,402</u>	<u>82,864,347</u>
Legal Debt Margin	<u>\$ 515,774,375</u>	<u>\$ 521,819,026</u>	<u>\$ 544,673,225</u>	<u>\$ 607,701,719</u>	<u>\$ 623,716,090</u>
Debt Margin as a Percentage of the Debt Limit	82.94%	84.26%	84.60%	87.09%	88.27%

Source:

Financial Statements and Independent Auditors' Report

Notes to Financial Statements (Note 12) Long Term Obligations

Schedule of Revenues, Expenditures and Changes in Fund Balance Debt Service Fund (J-4) 2014-2020

Schedule of Revenues, Expenditures and Changes in Fund Balance Debt Service Fund (J-5) 2021-2023

Certified Totals from Hidalgo County Appraisal District

*Effective 2023, the District implemented GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITA)

2014-2023 Fiscal Year End 6/30

TABLE L-16

2019	2020	2021	2022	*2023
<u>\$ 7,336,882,611</u>	<u>\$ 7,747,732,008</u>	<u>\$ 7,964,158,964</u>	<u>\$ 8,227,795,767</u>	<u>\$ 9,021,211,760</u>
\$ 733,688,261	\$ 774,773,201	\$ 796,415,896	\$ 822,779,577	\$ 902,121,176
60,180,000	55,860,000	50,155,000	45,220,000	40,045,000
<u>(1,740,717)</u>	<u>(2,046,425)</u>	<u>(2,639,059)</u>	<u>(3,328,221)</u>	<u>(3,766,600)</u>
58,439,283	53,813,575	47,515,941	41,891,779	36,278,400
17,006,000	40,951,000	40,101,000	39,196,000	38,251,000
412,501	3,752,504	5,048,566	435,340	1,475,460
-	-	-	-	314,658
<u>75,857,784</u>	<u>98,517,079</u>	<u>92,665,507</u>	<u>81,523,119</u>	<u>76,319,518</u>
<u>\$ 657,830,477</u>	<u>\$ 676,256,122</u>	<u>\$ 703,750,389</u>	<u>\$ 741,256,458</u>	<u>\$ 825,801,658</u>
89.66%	87.28%	88.36%	90.09%	91.54%

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

<u>Fiscal Year</u>	<u>Average Daily Membership</u>	<u>Estimated Actual Taxable Value</u>	<u>General Obligation Bonds</u>	<u>Premium on Bonds</u>	<u>Accretions of Bonds</u>
2014	25,108	\$ 7,705,489,474	\$ 91,720,000	\$ 11,737,743	\$ 106,511
2015	24,590	7,637,882,649	85,405,000	10,253,970	264,390
2016	24,195	8,132,711,592	79,565,000	8,931,581	-
2017	23,703	8,727,081,408	73,060,000	7,732,321	-
2018	23,640	8,854,674,967	66,320,000	6,621,147	-
2019	22,802	9,180,201,564	60,180,000	5,595,237	-
2020	22,354	9,694,370,520	55,860,000	4,641,536	-
2021	21,540	9,941,472,224	50,155,000	6,139,094	-
2022	20,282	10,277,383,845	45,220,000	5,719,850	-
2023	20,343	11,641,994,325	40,045,000	5,092,833	-

Source:
Financial Statements and Independent Auditors' Report
Notes to Financial Statements (Note 12) Long Term Obligations
Certified Totals from the Hidalgo County Appraisal District
TEA Budgeted Financial Data
2014-2023 Fiscal Year End 6/30

TABLE L-17

Less: Amount Available in Debt Service Fund	Net Bonded Debt	Net Bonded Debt to Estimated Actual Taxable Value	General Obligation Bonds Per Average Daily Membership
\$ 5,098,638	\$ 98,465,616	1.28%	3,653
5,194,117	90,729,243	1.19%	3,473
5,078,277	83,418,304	1.03%	3,288
4,905,627	75,886,694	0.87%	3,082
2,464,444	70,476,703	0.80%	2,805
1,740,717	64,034,520	0.70%	2,639
2,046,425	58,455,111	0.60%	2,499
2,639,059	53,655,035	0.54%	2,328
3,328,221	47,611,629	0.46%	2,230
3,766,600	41,371,233	0.36%	1,968

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

TABLE L-18

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest*</u>	<u>Annual Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Annual Debt Service to Total General Fund Expenditures</u>
2014	\$ 6,600,000	\$ 3,133,117	\$ 9,733,117	\$ 206,900,987	4.70%
2015	6,315,000	3,865,050	10,180,050	211,403,126	4.82%
2016	6,295,000	3,567,150	9,862,150	225,493,796	4.37%
2017	6,505,000	3,397,250	9,902,250	229,999,689	4.31%
2018	6,740,000	3,148,200	9,888,200	224,047,540	4.41%
2019	6,140,000	2,849,900	8,989,900	221,835,182	4.05%
2020	4,320,000	2,584,500	6,904,500	240,233,604	2.87%
2021	4,955,000	1,946,583	6,901,583	240,909,414	2.86%
2022	4,935,000	1,865,900	6,800,900	204,599,057	3.32%
2023	5,175,000	1,633,200	6,808,200	254,927,738	2.67%

Note: *excludes other fees

Source:

Financial Statements and Independent Auditors' Report
 Debt Fund Budgetary Comparison Schedule (Exhibit J-4) 2014-2016
 Schedule of Revenues,Expenditures and Changes in Fund Balance Debt Service Fund (J-4) 2017-2020
 Schedule of Revenues,Expenditures and Changes in Fund Balance Debt Service Fund (J-5) 2021-2023
 General Fund Budgetary Comparison Schedule (Exhibit G-1) 2014-2016
 Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund (G-1) 2017-2023
 2014-2023 Fiscal Year End 6/30

DEMOGRAPHIC AND ECONOMIC INFORMATION



MCALLEN INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
2023 AND 2014

TABLE L-19
Page 1 of 2

Employer	2023		
	Employees	Rank	Percentage of Total City Employment
McAllen Independent School	3,369	1	23.43%
District South Texas College	2,700	2	18.77%
City of McAllen	2,028	3	14.10%
McAllen Medical Center	1,150	4	8.00%
Rio Grande Regional Hospital HEB	1,110	5	7.72%
Motorola	1,000	6	6.95%
Spectrum	900	7	6.26%
Teletech	875	8	6.08%
Wal-Mart	650	9	4.52%
Total Top Ten Employers	<u>600</u>	10	<u>4.17%</u>
	<u><u>14,382</u></u>		<u><u>100.00%</u></u>

Source:
Workforce Solutions

TSDS PEIMS Report (PDM1-110-004)
McAllen ISD CAFR Fiscal Year 2014

TABLE L-19
Page 2 of 2

Employer	2014		Percentage of Total City Employment
	Employees	Rank	
McAllen Independent School	4,001	1	23.82%
District South Texas College	2,163	2	12.88%
McAllen Medical Center	2,000	3	11.91%
City Of McAllen	1,800	4	10.72%
Rio Grande Regional Hospital	1,100	5	6.55%
International Bank of Commerce	400	6	2.38%
Valley Coca-Cola	385	7	2.29%
Wal-Mart	355	8	2.11%
HEB	325	9	1.94%
Wal-Mart	320	10	1.91%
Total Top Ten	12,849		76.50%
Other Employers	3,946		23.50%
Total Employers	16,795		100.00%

MCALLEN INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

TABLE L-20

Fiscal Year	Population	*Personal Income	*Per Capita Personal Income	Unemployment Rate	Average Daily Attendance	Percentage Economically Disadvantaged Students
2014	136,748	\$ 21,209,449,000	\$ 25,521	9.10%	23,302	67.2%
2015	138,967	22,322,643,000	26,502	7.30%	22,770	72.2%
2016	141,020	22,640,177,000	26,640	7.50%	22,400	72.9%
2017	143,205	24,922,000,000	28,957	7.90%	22,177	72.2%
2018	145,425	25,777,800,000	29,769	6.70%	21,825	71.1%
2019	149,161	26,598,950,000	30,619	5.90%	21,161	71.2%
2020	150,884	27,264,698,000	31,153	12.00%	20,645	71.8%
2021	149,447	30,374,915,000	34,503	10.50%	20,311	73.5%
2022	148,750	N/A	N/A	7.50%	18,697	73.8%
2023	149,718	N/A	N/A	6.30%	18,255	72.5%

Source:

PEIMS Edit + Report (PRF7D001) 2014-2016

TSDS PEIMS Report (PDM3-130-001), (PDM3-130-005) 2017-2023

FY 2020 includes a factor adjustment to the PEIMS Report data of 0.995 per TEA guidance

FY 2022 includes TEA Operational Minutes Adjustment to the PEIMS Report data

City of McAllen

McAllen Chamber of Commerce

*MSA statistics (McAllen-Mission-Edinburg)

2014-2023 Fiscal Year End 6/30



OPERATING INFORMATION

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

<u>Classification</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Number of Employees				
Teachers Professional	1,632	1,648	1,608	1,614
Support Campus	395	400	398	381
Administration Central	97	95	101	89
Administration	30	33	31	32
Educational Aides	334	375	378	366
Auxiliary Staff	<u>928</u>	<u>868</u>	<u>906</u>	<u>900</u>
Total Employees	<u>3,416</u>	<u>3,419</u>	<u>3,422</u>	<u>3,382</u>
Percent of Total				
Teachers	47.78%	48.20%	47.01%	47.72%
Professional Support	11.56%	11.71%	11.63%	11.27%
Campus Administration	2.83%	2.78%	2.94%	2.63%
Central Administration	0.88%	0.95%	0.89%	0.95%
Educational Aides	9.78%	10.97%	11.05%	10.82%
Auxiliary Staff	<u>27.17%</u>	<u>25.39%</u>	<u>26.48%</u>	<u>26.61%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source:
PEIMS Edit + Reports (PRF4D004) 2014-2016
TSDS PEIMS Report (PDM1-110-004) 2017-2023
2014-2023 Fiscal Year End 6/30

TABLE L-21

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
1,608	1,564	1,567	1,548	1,503	1,505
376	344	373	391	429	446
88	86	80	77	79	74
34	31	34	37	34	36
367	354	389	383	408	418
<u>912</u>	<u>886</u>	<u>881</u>	<u>899</u>	<u>895</u>	<u>891</u>
<u>3,385</u>	<u>3,265</u>	<u>3,324</u>	<u>3,335</u>	<u>3,348</u>	<u>3,370</u>
47.50%	47.90%	47.15%	46.42%	44.89%	44.66%
11.10%	10.54%	11.22%	11.72%	12.81%	13.23%
2.60%	2.63%	2.41%	2.31%	2.36%	2.20%
1.00%	0.95%	1.02%	1.11%	1.02%	1.07%
10.84%	10.84%	11.70%	11.48%	12.19%	12.40%
<u>26.96%</u>	<u>27.14%</u>	<u>26.50%</u>	<u>26.96%</u>	<u>26.73%</u>	<u>26.44%</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF TEACHER INFORMATION
LAST TEN YEARS

Fiscal Year	Bachelor's Degree		Master's Degree		Doctorate	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
2014	\$ 43,049	\$ 53,359	\$ 45,049	\$ 55,358	Not Applicable	
2015	44,001	53,344	46,001	55,344	Not Applicable	
2016	45,000	53,600	47,000	55,600	Not Applicable	
2017	45,800	55,150	47,800	57,150	Not Applicable	
2018	46,849	56,569	48,849	58,569	Not Applicable	
2019	47,750	57,620	49,750	59,620	Not Applicable	
2020	49,100	59,420	51,100	61,420	Not Applicable	
2021	49,800	61,970	51,800	63,970	Not Applicable	
2022	51,000	61,730	53,000	63,730	Not Applicable	
2023	52,150	62,630	54,150	64,630	Not Applicable	

Source:
District's Human Resource Department
PEIMS Edit + Reports Data Review (PRF4D004) 2014-2016
TSDS PEIMS Report (PDM1-110-004) 2017-2023
2014-2023 Fiscal Year End 6/30

TABLE L-22

	<u>Average Teacher Salary</u>	<u>Average Years of Experience</u>	<u>Bachelor's Education</u>	<u>Master's Education</u>
\$	49,659	12.2	80.6%	18.7%
	49,702	11.8	80.6%	18.6%
	50,574	11.9	80.4%	18.9%
	51,620	12.2	79.1%	20.1%
	52,641	12.4	78.5%	20.7%
	53,846	13.1	77.3%	21.7%
	56,797	13.2	77.1%	21.9%
	57,203	13.7	76.6%	22.6%
	58,269	13.4	78.3%	20.7%
	59,431	13.1	79.5%	19.7%

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

TABLE L-23

<u>Fiscal Year</u>	<u>Average Daily Attendance</u>	<u>Average Daily Membership</u>	<u>Percent of Attendance</u>
2014	23,302	25,108	92.81%
2015	22,770	24,590	92.60%
2016	22,400	24,195	92.58%
2017	22,177	23,703	93.56%
2018	21,824	23,640	92.32%
2019	21,161	22,802	92.80%
2020	20,645	22,354	92.35%
2021	20,311	21,540	94.29%
2022	18,697	20,282	92.19%
2023	18,255	20,343	89.74%

Source:

PEIMS Edit + Reports Data Review (PRF7D001) 2014-2016

TSDS PEIMS Report (PDM3-130-001) 2017-2023

FY 2020 includes a factor adjustment to the PEIMS Report data of 0.995 per TEA guidance

FY 2022 includes TEA Operational Minutes Adjustment to the PEIMS Report data

TEA Budgeted Financial Data

2014-2023 Fiscal Year End 6/30

MCALLEN INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN YEARS

TABLE L-24

Fiscal Year	Average Daily Attendance	General Fund Operating Expenditures*	Cost Per Pupil	Per Pupil Change	Governmental Operating Expenditures*	Cost Per Pupil	Per Pupil Change
2014	23,302	\$ 197,500,641	8,476	2.69%	\$ 225,074,541	9,659	-0.36%
2015	22,770	201,751,931	8,860	4.53%	231,506,068	10,167	5.26%
2016	22,400	216,572,617	9,668	9.12%	246,382,631	10,999	8.18%
2017	22,177	219,354,756	9,891	2.32%	245,060,880	11,050	0.46%
2018	21,825	218,193,562	9,997	1.07%	242,430,464	11,108	0.52%
2019	21,161	215,622,716	10,190	1.93%	239,567,571	11,321	1.92%
2020	20,645	230,097,546	11,145	9.37%	265,901,867	12,880	13.77%
2021	20,311	235,398,374	11,590	3.99%	265,294,620	13,062	1.41%
2022	18,697	193,708,146	10,360	-10.61%	295,148,362	15,786	20.86%
2023	18,255	237,864,404	13,030	25.77%	287,881,628	15,770	-0.10%

*General Fund and Governmental Operating Expenditures less Debt Service and Capital Projects (Function 70 and 80)

Source:

Financial Statements and Independent Auditors' Report
Statement of Revenues, Expenditure and Changes in Fund Balances (Exhibit C-2) 2014-2016
Statement of Revenues, Expenditure and Changes in Fund Balances (Exhibit C-3) 2017-2023
PEIMS Edit + Reports Data Review (PRF7D001) 2014-2016
TSDS PEIMS Report (PDM3-130-001) 2017-2023
FY 2020 includes a factor adjustment to the PEIMS Report data of 0.995 per TEA guidance
FY 2022 includes TEA Operational Minutes Adjustment to the PEIMS Report data
2014-2023 Fiscal Year End 6/30

MCALLEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STUDENT INFORMATION
LAST TEN YEARS

TABLE L-25

Fiscal Year	Teacher/ Student Ratio	Percentage of Free and Reduced Lunch	Number of Economically Disadvantaged Students	Percentage of Economically Disadvantaged Students
2014	15.5	65.2%	16,937	67.2%
2015	15.0	82.1%	17,822	72.2%
2016	15.1	82.1%	17,729	72.9%
2017	14.8	82.1%	17,193	72.2%
2018	14.8	82.1%	16,862	71.1%
2019	14.6	82.5%	16,286	71.2%
2020	14.3	87.1%	16,105	71.8%
2021	14.0	89.1%	15,886	73.5%
2022	13.6	90.5%	15,060	73.8%
2023	13.6	91.2%	14,787	72.5%

Source:
 Academic Excellence Indicator System (AEIS) 2014-2016
 TSDS PEIMS Reports (PDM1-110-004), (PDM1-120-009) 2017-2023
 2014-2023 Fiscal Year End 6/30

MCALLEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF SCHOOL BUILDINGS AND PORTABLES
LAST TEN YEARS

TABLE L-26

	Estimated Square Footage	Building Capacity	Portable Square Footage	Portable Capacity
High Schools				
McAllen High School	296,062	2,200	14,328	420
Memorial High School	302,587	2,200	6,144	240
James "Nikki" Rowe High School	328,938	2,300	4,608	180
Achieve Early College High School at Abraham Lincoln	92,776	900	1,536	60
Sub-Total	1,020,363	7,600	26,616	900
Middle Schools				
Dorothea Brown Middle School	97,074	900	4,800	180
Dr. Rodney D. Cathey Middle School	118,082	1,000	4,608	180
Alonzo De Leon Middle School	151,302	1,500	1,536	60
Michael E. Fossum Middle School	119,893	900	1,536	60
Homer J. Morris Middle School	96,292	900	9,984	360
William B. Travis Middle School	116,050	1,000	-	-
Sub-Total	698,693	6,200	22,464	840
Elementary Schools				
Francisco Alvarez Elementary	54,305	500	-	-
James Bonham Elementary-closed May 31, 2021	47,118	430	-	-
Dr. Carlos Castaneda Elementary	64,579	600	-	-
Jose De Escandon Elementary	60,904	500	4,608	180
Victor Fields Elementary	70,899	600	-	-
Reynaldo G. Garza Elementary	67,154	600	-	-
Leonel H. Gonzalez Elementary	56,809	500	12,480	510
Lucile McKee Hendricks Elementary	65,815	600	-	-
Sam Houston Elementary	55,432	500	1,536	60
Andrew Jackson Elementary	73,882	700	-	-
Christa McAuliffe Elementary	65,174	600	-	-
Ben Milam Elementary	65,819	600	8,640	300
Jose Antonio Navarro Elementary-closed May 31, 2018	47,194	400	1,536	60
Dr. Pablo Perez Elementary	66,000	600	-	-
Sam Rayburn Elementary	64,220	600	-	-
Theodore Roosevelt Elementary	72,009	650	-	-
Blanca E. Sanchez Elementary	66,000	600	-	-
Juan Seguin Elementary	70,748	600	-	-
Thigpen-Zavala Elementary	70,899	600	1,536	60
Woodrow Wilson Elementary	52,882	500	1,536	60
Sub-Total	1,257,842	11,280	31,872	1,230
Other				
Instruction & Guidance Center	15,841	200	5,568	210
Lamar Academy	82,712	700	12,480	270
Sub-Total	98,553	900	18,048	480
Total	3,075,451	25,980	99,000	3,450

Source:
McAllen ISD Facilities Maintenance & Operations Department



SINGLE AUDIT SECTION



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

To the Board of Trustees
McAllen Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the McAllen Independent School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 9, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Burton, McCumber, & Longoria LLP

McAllen, Texas
November 9, 2023

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

To the Board of Trustees
McAllen Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the McAllen Independent School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

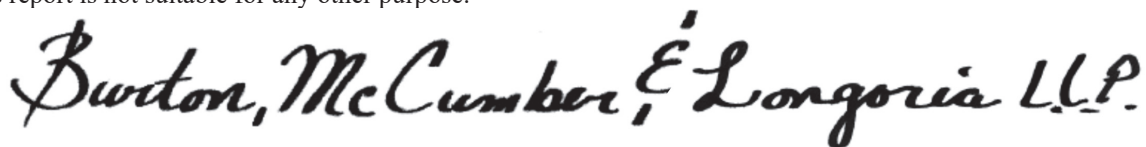
Report on Internal Control over Compliance

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

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

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

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



McAllen, Texas
November 9, 2023

MCALLEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal Control over financial reporting:

•Material weakness(es) identified? _____ yes X no

•Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal awards

Internal control over major programs:

•Material weakness(es) identified? _____ yes X no

•Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.425D/84.425U/ 84.425W	Education Stabilization Fund/ American Rescue Plan Elementary and Secondary Emergency Relief Funds
10.558	Child and Adult Care Food Program

Dollar threshold used to distinguish between Type A and Type B programs: \$2,241,510

Auditee qualifies as a low-risk auditee? X yes _____ no

MCALLEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE.



**MCALLEN INDEPENDENT SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Findings Related to the Financial Statements

2022-001 Internal Controls over Cash

Current Status of Prior Year Finding:

Prior year corrective action plan was implemented. Cash transactions are being posted to the general ledger as of the date the transaction occurred, and we are monitoring the bank reconciliations so any discrepancies can be addressed in a timely manner.



MCALLEN ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(1) FEDERAL GRANTOR/ PASSED THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal ALN	(3) Pass-Through Entity Identifying Number	(4) Funds Provided to Subrecipients	(5) Federal Expenditures
U.S. DEPARTMENT OF DEFENSE				
<u>Direct Programs</u>				
Junior Reserve Officer Training Corps	12.U01	108-906	\$ -	\$ 204,163
Total ALN Number 12.U01			-	204,163
Total Direct Programs			-	204,163
TOTAL U.S. DEPARTMENT OF DEFENSE			\$ -	\$ 204,163
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<u>Passed Through City of McAllen</u>				
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-48-0506	\$ -	\$ 155,334
Total ALN Number 14.218			-	155,334
Total CDBG- Entitlement Grants Cluster			-	155,334
Total Passed Through City of McAllen			-	155,334
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			\$ -	\$ 155,334
U.S. DEPARTMENT OF JUSTICE				
<u>Direct Programs</u>				
STOP School Violence	16.839	2019-YS-BX-0102	\$ -	\$ 47,099
STOP School Violence	16.839	15PBJA-21-GG-04666-STOP	-	390,789
Total ALN Number 16.839			-	437,888
Equitable Sharing Program	16.922	TX1082600	-	62,086
Total ALN Number 16.922			-	62,086
Total Direct Programs			-	499,974
<u>Passed Through Community Oriented Policing Services (COPS)</u>				
School Violence Prevention Program (SVPP)	16.710	15JCOPS-22-GG-04315-SCAX	-	122,716
Total ALN Number 16.710			-	122,716
Total Passed Through Community Oriented Policing Services (COPS)			-	122,716
TOTAL U.S. DEPARTMENT OF JUSTICE			\$ -	\$ 622,690
U.S. DEPARTMENT OF EDUCATION				
<u>Passed Through State Department of Education</u>				
Title I Grants to Local Educational Agencies	84.010A	22610101108906	\$ -	\$ 1,074,494
Title I Grants to Local Educational Agencies	84.010A	23610101108906	-	10,986,577
Total ALN Number 84.010A			-	12,061,071
Migrant Education State Grant Program	84.011A	22615001108906	-	17,389
Migrant Education State Grant Program	84.011A	23615001108906	-	589,767
Total ALN Number 84.011A			-	607,156
<u>Special Education Cluster (IDEA)</u>				
*Special Education Grants to States	84.027A	226600011089066600	-	46,635
*Special Education Grants to States	84.027A	236600011089066600	-	4,492,007
*Special Education Grants to States	84.027A	225350011089065350	-	377,665
*Special Education Grants to States	84.027A	225350021089065350	-	4,227
*Special Education Grants to States	84.027A	226600111089066673	-	31,344
*Special Education Grants to States	84.027A	236600111089066673	-	157,718
Total ALN Number 84.027A			-	5,109,596
*Special Education Preschool Grants	84.173X	225360011089065360	-	1,137
Total ALN Number 84.173X			-	1,137
*Special Education Preschool Grants	84.173A	226610011089066610	-	14,834
*Special Education Preschool Grants	84.173A	236610011089066610	-	71,125
Total ALN Number 84.173A			-	85,959
Total Special Education Cluster (IDEA)			-	5,196,692
Special Education Grants for Infants and Families	84.181A	233911011089063911	-	114
Total ALN Number 84.181A			-	114
Career and Technical Education Basic Grants to States	84.048A	22420006108906	-	143,468
Career and Technical Education Basic Grants to States	84.048A	23420006108906	-	420,354
Total ALN Number 84.048A			-	563,822

MCCALLEN ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(1) FEDERAL GRANTOR/ PASSED THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal ALN	(3) Pass-Through Entity Identifying Number	(4) Funds Provided to Subrecipients	(5) Federal Expenditures
English Language Acquisition State Grants	84.365A	22671001108906	-	149,900
English Language Acquisition State Grants	84.365A	23671001108906	-	677,524
Total ALN Number 84.365A			-	827,424
Supporting Effective Instruction State Grants	84.367A	22694501108906	-	71,338
Supporting Effective Instruction State Grants	84.367A	23694501108906	-	1,070,706
Total ALN Number 84.367A			-	1,142,044
Grants for State Assessments and Related Activities	84.369A	69552002	-	1,794
Grants for State Assessments and Related Activities	84.369A	69552102	-	16,615
Total ALN Number 84.369A			-	18,409
Student Support and Academic Enrichment Program	84.424A	22680101108906	-	229,733
Student Support and Academic Enrichment Program	84.424A	23680101108906	-	776,938
Total ALN Number 84.424A			-	1,006,671
COVID-19 Education Stabilization Fund	84.425D	20521001108906	-	22,554
Total ALN Number 84.425D			-	22,554
COVID-19 Education Stabilization Fund	84.425U	21528001108906	-	30,276,833
COVID-19 Education Stabilization Fund	84.425U	21528042108906	-	65,576
Total ALN Number 84.425U			-	30,342,409
American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth (ARP-HCY)	84.425W	21533002108906	-	90,960
Total ALN Number 84.425W			-	90,960
Total Passed Through State Department of Education			-	51,879,326
<u>Passed Through Region One Education Service Center</u>				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	P334A180024-20	-	32,986
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	P334A210014	-	31,640
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	P334A180024-21	-	105,361
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	P334A210014-22	-	181,270
Total ALN Number 84.334A			-	351,257
Total Passed Through Region One Education Service Center			-	351,257
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ -</u>	<u>\$ 52,230,583</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>Passed Through Texas Health and Human Services Commission</u>				
Medicaid Cluster				
*Medical Administrative Claiming	93.778	HHS000537900217	\$ -	\$ 37,940
Total ALN Number 93.778			-	37,940
Total Medical Assistance Cluster			-	37,940
Total Passed Through Texas Health and Human Services Commission			-	37,940
<u>Passed Through Region One Education Service Center</u>				
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Health Crisis Response	93.354	HHS001101500001	-	158,066
Total ALN Number 93.354			-	158,066
Total Passed Through Region One ESC			-	158,066
<u>Passed Through State Department of Education</u>				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Disease (ELC)	93.323	02748273	-	310
Total ALN Number 93.323			-	310
Total Passed Through State Department of Education			-	310
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ -</u>	<u>\$ 196,316</u>

MCALLEN ISD
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT K-1
 (Concluded)

FEDERAL GRANTOR/ PASSED THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal ALN	Pass-Through Entity Identifying Number	Funds Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<u>Passed Through State Department of Education</u>				
Child Nutrition Cluster				
*School Breakfast Program	10.553	00568	\$ -	\$ 6,628,766
Total ALN Number 10.553			-	6,628,766
*National School Lunch Program - Non-Cash Assistance	10.555	00568	-	1,157,093
*National School Lunch Program - Cash Assistance	10.555	00568	-	11,667,477
Total ALN Number 10.555			-	12,824,570
Total Passed Through State Department of Education			-	19,453,336
<u>Passed Through Texas Department of Agriculture</u>				
*Fresh Fruit and Vegetable Program	10.582	00568	-	141,042
Total ALN Number 10.582			-	141,042
Total Child Nutrition Cluster			-	19,594,378
Child and Adult Care Food Program	10.558	00568	-	1,713,535
Total ALN Number 10.558			-	1,713,535
Total Passed Through Texas Department of Agriculture			-	1,854,577
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ -	\$ 21,307,913
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 74,716,999

*Clustered Programs

MCALLEN ISD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Basis of Presentation:

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

Indirect Cost Rate:

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

Sub-recipients:

During the fiscal year ended June 30, 2023, the District had no sub -recipients.

Federal Loans and Loan Guarantees:

During the fiscal year ended June 30, 2023, the District had no outstanding federal loans payable or loan guarantees.

Federally Funded Insurance:

During the fiscal year ended June 30, 2023, the District had no federally funded insurance.

Noncash awards:

During the fiscal year ended June 30, 2023, the District received \$1,157,093 as non-cash assistance under the National School Lunch Program.

Reconciliation from the Schedule of Expenditures of Federal Awards to the Exhibit C-3:

Total Federal Award Expended	\$	74,716,999
Medicaid		1,321,968
QSCN 2011/2012		736,372
SHARS PY		1,679,536
MAC & Summer LEP		58,666
E-Rate		128,113
Equitable Sharing Program		(36,547)
Exhibit C-3	\$	78,605,107