

SANTA ANNA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED AUGUST 31, 2021

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SANTA ANNA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2021

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CERTIFICATE OF BOARD

Santa Anna Independent School District
Name of School District

Coleman
County

042-903
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's reports of the above named school district were reviewed and ___approved
- ___disapproved for the year ended August 31, 2021, at a meeting of the board of school trustees of such school district on the
___ day of _____, 2021.

Signature of Board Secretary

Signature of Board President

If the auditor's reports were checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):

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Independent Auditor's Report

UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER INFORMATION

Board of Trustees
Santa Anna Independent School District
701 Bowie Street
Santa Anna, Texas 76878

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for Santa Anna Independent School District (the "District") as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Santa Anna Independent School District as of August 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with account principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule for the General Fund, Schedule of District's Proportionate Share of the Net Pension Liability (TRS), Schedule of District Pension Contributions to TRS, Schedule of District's Proportionate Share of the Net OPEB Liability (TRS) and Schedule of District OPEB Contributions to TRS as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedure 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and the TEA required schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the TEA required schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and the TEA required schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 18, 2021, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Cameron L. Gulley
Certified Public Accountant
Eastland, Texas

October 18, 2021

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
701 BOWIE STREET
SANTA ANNA, TX 76878
Phone (325) 348-3136
Fax (325) 348-3141

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Santa Anna Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2021. Please read it in conjunction with the independent auditor's report on page 2 and the District's Basic Financial Statements which begin on page 10.

USING THIS ANNUAL REPORT

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

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

The notes to the financial statements (starting on page 21) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

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

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 5. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, we divide the District into one activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 19 and 20. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analyses of comparative balances and changes therein is inclusive of the current year's and prior year's operations. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Total net position of the District's governmental activities increased from \$6,085,238 to \$6,663,528. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased from \$3,163,617 to \$3,358,864. Current and other assets increased by \$280 thousand due to increases in cash and receivables. Capital assets increased by \$47 thousand due to asset additions in excess of depreciation expense. Long-term liabilities decreased by \$190 thousand due to the effects of net pension (NPL) and other post-employment benefit (OPEB) liabilities offset by principal retired on outstanding debt. Other liabilities decreased by \$36 thousand due to increases in accounts payable and payroll liabilities offset by reductions in liabilities due to state aid overpayments. Deferred resource outflows related to NPL and OPEB liabilities increased by \$353 thousand and deferred resource inflows related to NPL and OPEB liabilities increased \$327 thousand.

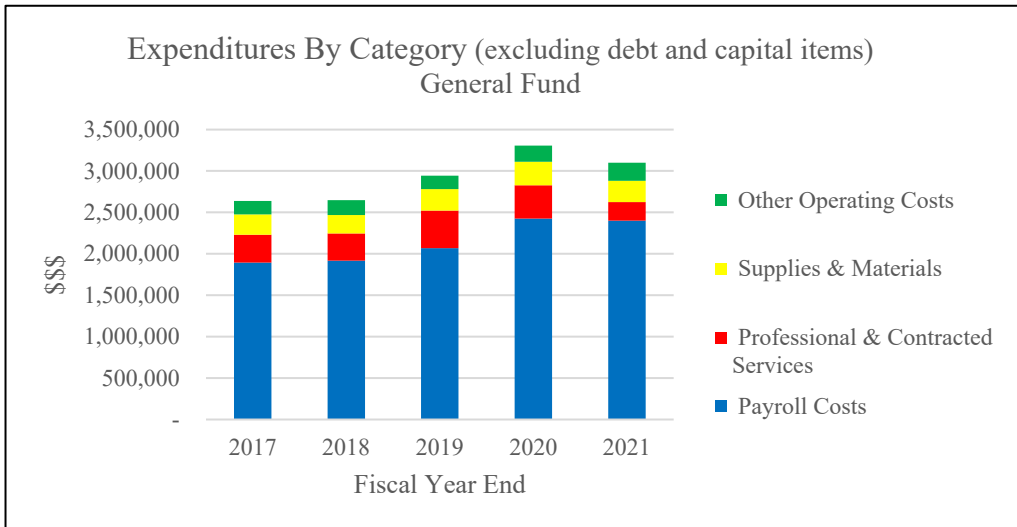
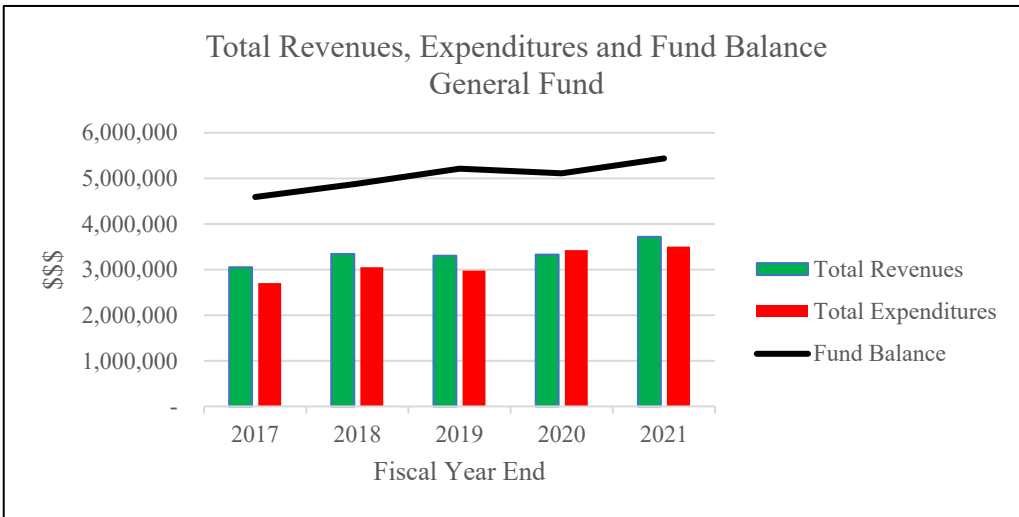
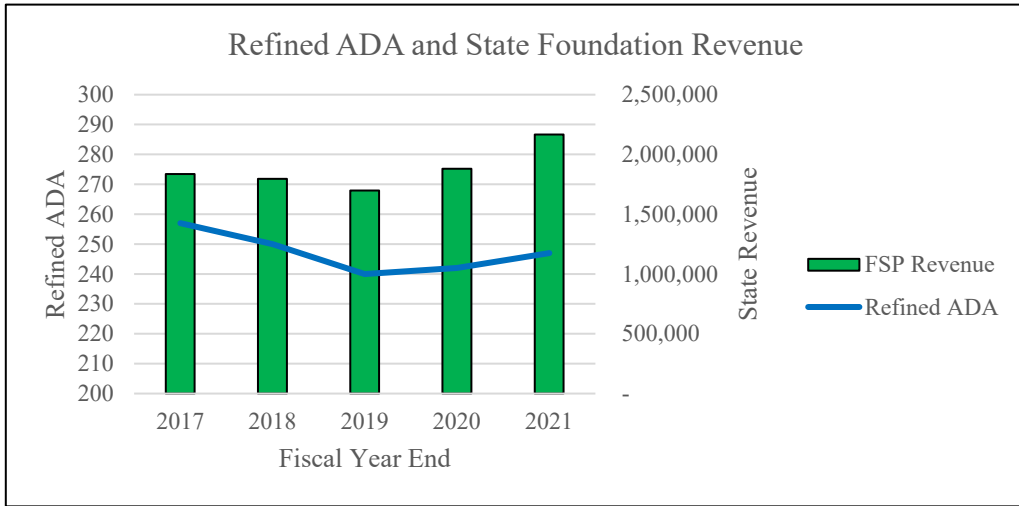
Total revenues increased by \$641 thousand for the year. Operating grants and contributions increased \$478 thousand due to federal supplemental emergency grant funding related to the COVID-19 pandemic. Property tax revenues decreased \$50 thousand due to property valuation decreases of 5%. State aid-formula grants increased \$269 thousand due to increased state foundation revenues related to small-school size revenues and revenues attributable to special education and career and technology mandated program areas. Additionally, state available school funding formula increased due to higher distribution allocations for the year.

Excluding the effects of NPL and OPEB on-behalf expense accruals, total expenses increased by \$48 thousand for the year. Functional categories with significant changes (excluding the effects of NPL and OPEB) were as follows: instructional and school leadership expenses increased due to payroll costs; food services increased due to payroll and food costs; extracurricular activities increased due to depreciation expense allocation; general administration decreased due to professional contracted services; facilities maintenance and operations decreased due to repairs and maintenance costs and maintenance supplies; and payments to shared service arrangements increased due to higher special education cooperative fees.

	Governmental Activities 2021	Governmental Activities 2020	Variance Increase/ (Decrease)
Current and other assets	\$ 5,763,153	\$ 5,483,589	\$ 279,564
Capital assets	4,105,066	4,058,456	46,610
Deferred resource outflows for TRS	1,078,795	725,298	353,497
Total assets and deferred resource outflows	10,947,014	10,267,343	679,671
Long-term liabilities	3,112,888	3,302,578	(189,690)
Other liabilities	180,266	216,264	(35,998)
Deferred resource inflows for TRS	990,332	663,263	327,069
Total liabilities and deferred resource inflows	4,283,486	4,182,105	101,381
Net position:			
Net investment in capital assets	3,225,869	2,842,497	383,372
Restricted for federal and state programs	9,283	19,306	(10,023)
Restricted for debt service	69,512	59,818	9,694
Unrestricted	3,358,864	3,163,617	195,247
Total net position	\$ 6,663,528	\$ 6,085,238	\$ 578,290

	Governmental Activities 2021	Governmental Activities 2020	Variance Favorable/ (Unfavorable)
Revenues:			
Program Revenues:			
Charges for services	\$ 44,032	\$ 20,077	\$ 23,955
Operating grants and contributions	1,052,254	574,061	478,193
General Revenues:			
Property taxes	1,101,654	1,152,124	(50,470)
State aid - formula grants	2,396,037	2,126,693	269,344
Other	28,207	108,575	(80,368)
Total Revenues	4,622,184	3,981,530	640,654
Expenses:			
Instruction, curriculum and media services	2,313,276	2,373,834	60,558
Instructional and school leadership	251,627	238,410	(13,217)
Student support services	218,196	214,767	(3,429)
Child nutrition	226,928	191,709	(35,219)
Extracurricular activities	154,850	121,865	(32,985)
General administration	304,440	330,726	26,286
Plant maintenance, security & data processing	519,901	590,904	71,003
Debt service	29,965	35,247	5,282
Payments related to shared service arrangements	99,918	89,057	(10,861)
Other intergovernmental charges	50,328	43,810	(6,518)
Total Expenses	4,169,429	4,230,329	60,900
Increase (Decrease) in Net Position	452,755	(248,799)	701,554
Net Position - beginning of year	6,085,238	6,334,037	(248,799)
Prior period adjustment	125,535	0	125,535
Net Position - end of year	\$ 6,663,528	\$ 6,085,238	\$ 578,290

The following charts depict trend information for the past five years.



THE DISTRICT’S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$5,520,394, an increase of \$212,531 in the District’s Governmental Funds from last year’s fund balance of \$5,307,863 (net of beginning balance adjustments). The primary reasons for the net increase are similar to the narrative related to the tables above. The major exceptions are depreciation expense which is not charged to the governmental funds and the net effect relative to GASB 68 and 75 whose impacts are only at the government-wide level financial statements. The specific variances in the changes in fund balance versus the change in net position are detailed out on Exhibit C-4 on the accompanying general purpose financial statements.

The Board of Trustees revised the District’s budget three times during the year. The biggest budget amendment was for the early pay-off of notes payable from the general fund totaling \$277,000. Most other budget amendments were to re-allocate existing budgets or to account for local grants and contributions awarded during the year.

The District’s General Fund balance of \$5,437,449 reported on pages 14 and 43 differs from the General Fund’s budgetary fund balance of \$4,834,951 reported in the budgetary comparison schedule on page 43 due to expenditures being significantly less than budgeted across all functional categories.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the District had \$10,108,817 invested in a broad range of capital assets including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Following were asset additions for the year.

Asset additions:

Bluebird bus	\$	65,900
Campus security improvements		24,128
Playground and housing improvements		78,869
Hustler 72" mower		14,659
Total asset additions	\$	<u>183,556</u>

Debt

The District has one outstanding debt instruments issued to finance the construction of educational facilities and equipment. Interest rates payable vary 0.75% to 3.75%. Final maturity on the bonds will be in fiscal year 2032.

Following is a summary of outstanding debt for the past two years:

	2021	2020
Bonds payable	\$ 815,000	\$ 875,000
Notes payable	0	281,505
Total outstanding debt	<u>\$ 815,000</u>	<u>\$ 1,156,505</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The District should continue to maintain its financial health. A budget adopted for 2021-22 reflected tax rates at \$0.961 for maintenance and operations and \$0.07804 for debt service. General fund revenues and expenditures were budgeted at approximately \$3.7 million for a projected break-even budget. Therefore, the District expects that its general fund balance will be approximately \$5.4 million at August 31, 2022.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District’s business office at: Santa Anna Independent School District, 701 Bowie Street, Santa Anna, Texas 76878.

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BASIC FINANCIAL STATEMENTS

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SANTA ANNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2021

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 5,545,261
1220 Property Taxes - Delinquent	127,851
1230 Allowance for Uncollectible Taxes	(70,089)
1240 Due from Other Governments	156,997
1290 Other Receivables, Net	3,133
Capital Assets:	
1510 Land	62,531
1520 Buildings, Net	3,244,286
1530 Furniture and Equipment, Net	186,030
1590 Infrastructure, Net	612,219
1000 Total Assets	9,868,219
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	539,487
1706 Deferred Outflow Related to TRS OPEB	539,308
1700 Total Deferred Outflows of Resources	1,078,795
LIABILITIES	
2110 Accounts Payable	39,580
2140 Interest Payable	1,203
2160 Accrued Wages Payable	135,425
2200 Accrued Expenses	4,058
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	65,000
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	814,197
2540 Net Pension Liability (District's Share)	1,065,402
2545 Net OPEB Liability (District's Share)	1,168,289
2000 Total Liabilities	3,293,154
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	134,845
2606 Deferred Inflow Related to TRS OPEB	855,487
2600 Total Deferred Inflows of Resources	990,332
NET POSITION	
3200 Net Investment in Capital Assets	3,225,869
Restricted:	
3820 Restricted for Federal and State Programs	9,283
3850 Restricted for Debt Service	69,512
3900 Unrestricted	3,358,864
3000 Total Net Position	\$ 6,663,528

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

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

Net (Expense)
Revenue and
Changes in Net
Position

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 2,272,793	\$ -	\$ 599,301	\$ (1,673,492)
12	Instructional Resources and Media Services	40,483	-	8,851	(31,632)
23	School Leadership	251,627	-	19,327	(232,300)
31	Guidance, Counseling, and Evaluation Services	78,358	-	5,660	(72,698)
33	Health Services	18,444	-	827	(17,617)
34	Student (Pupil) Transportation	121,394	-	70,513	(50,881)
35	Food Services	226,928	11,719	191,557	(23,652)
36	Extracurricular Activities	154,850	11,313	4,553	(138,984)
41	General Administration	304,440	-	23,237	(281,203)
51	Facilities Maintenance and Operations	370,509	21,000	45,249	(304,260)
52	Security and Monitoring Services	2,545	-	20,000	17,455
53	Data Processing Services	146,847	-	12,851	(133,996)
72	Debt Service - Interest on Long-Term Debt	29,565	-	-	(29,565)
73	Debt Service - Bond Issuance Cost and Fees	400	-	-	(400)
93	Payments Related to Shared Services Arrangements	99,918	-	-	(99,918)
99	Other Intergovernmental Charges	50,328	-	50,328	-
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 4,169,429	\$ 44,032	\$ 1,052,254	(3,073,143)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	1,027,161
DT	Property Taxes, Levied for Debt Service	74,493
SF	State Aid - Formula Grants	2,396,037
IE	Investment Earnings	25,497
MI	Miscellaneous Local and Intermediate Revenue	2,710
TR	Total General Revenues	3,525,898
CN	Change in Net Position	452,755
NB	Net Position - Beginning	6,085,238
PA	Prior Period Adjustment	125,535
NE	Net Position - Ending	\$ 6,663,528

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

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 5,461,413	\$ 83,838	\$ 5,545,251
1220 Property Taxes - Delinquent	119,234	8,617	127,851
1230 Allowance for Uncollectible Taxes	(65,181)	(4,908)	(70,089)
1240 Due from Other Governments	98,432	58,565	156,997
1260 Due from Other Funds	23,662	-	23,662
1290 Other Receivables	2,929	204	3,133
1000 Total Assets	<u>\$ 5,640,489</u>	<u>\$ 146,316</u>	<u>\$ 5,786,805</u>
LIABILITIES			
2110 Accounts Payable	\$ 15,826	\$ 14,715	\$ 30,541
2160 Accrued Wages Payable	115,817	19,608	135,425
2170 Due to Other Funds	14,963	23,662	38,625
2200 Accrued Expenditures	2,381	1,677	4,058
2000 Total Liabilities	<u>148,987</u>	<u>59,662</u>	<u>208,649</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	54,053	3,709	57,762
2600 Total Deferred Inflows of Resources	<u>54,053</u>	<u>3,709</u>	<u>57,762</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	9,283	9,283
3480 Retirement of Long-Term Debt	-	65,803	65,803
Committed Fund Balance:			
3510 Construction	2,550,000	-	2,550,000
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	7,859	7,859
3600 Unassigned Fund Balance	2,887,449	-	2,887,449
3000 Total Fund Balances	<u>5,437,449</u>	<u>82,945</u>	<u>5,520,394</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 5,640,489</u>	<u>\$ 146,316</u>	<u>\$ 5,786,805</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	5,520,394
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		5,934
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$10,213,812 and the accumulated depreciation was (\$6,155,356). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		2,852,522
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position.		525,061
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$539,487, a deferred resource inflow in the amount of \$134,845, and a net pension liability in the amount of \$1,065,402. This resulted in a decrease in net position.		(660,760)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$539,308, a deferred resource inflow in the amount of \$855,487, and a net OPEB liability in the amount of \$1,168,289. This resulted in a decrease in net position.		(1,484,468)
6 Depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(157,573)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		62,418
19 Net Position of Governmental Activities	\$	6,663,528

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 1,189,869	\$ 92,213	\$ 1,282,082
5800 State Program Revenues	2,523,061	71,780	2,594,841
5900 Federal Program Revenues	5,471	715,813	721,284
5020 Total Revenues	<u>3,718,401</u>	<u>879,806</u>	<u>4,598,207</u>
EXPENDITURES:			
Current:			
0011 Instruction	1,653,817	443,863	2,097,680
0012 Instructional Resources and Media Services	37,194	944	38,138
0023 School Leadership	232,137	464	232,601
0031 Guidance, Counseling, and Evaluation Services	72,648	-	72,648
0033 Health Services	17,484	-	17,484
0034 Student (Pupil) Transportation	109,021	65,900	174,921
0035 Food Services	7,928	203,137	211,065
0036 Extracurricular Activities	126,577	-	126,577
0041 General Administration	277,083	6,229	283,312
0051 Facilities Maintenance and Operations	415,190	-	415,190
0052 Security and Monitoring Services	4,256	20,000	24,256
0053 Data Processing Services	136,035	675	136,710
Debt Service:			
0071 Principal on Long-Term Debt	281,505	60,000	341,505
0072 Interest on Long-Term Debt	4,824	30,675	35,499
0073 Bond Issuance Cost and Fees	-	400	400
Capital Outlay:			
0081 Facilities Acquisition and Construction	27,444	-	27,444
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	99,918	-	99,918
0099 Other Intergovernmental Charges	-	50,328	50,328
6030 Total Expenditures	<u>3,503,061</u>	<u>882,615</u>	<u>4,385,676</u>
1200 Net Change in Fund Balances	215,340	(2,809)	212,531
0100 Fund Balance - September 1 (Beginning)	5,111,951	79,124	5,191,075
1300 Increase (Decrease) in Fund Balance	110,158	6,630	116,788
3000 Fund Balance - August 31 (Ending)	<u>\$ 5,437,449</u>	<u>\$ 82,945</u>	<u>\$ 5,520,394</u>

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

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	212,531
<p>The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.</p>		
		-
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the capital outlays and debt principal payments is to increase net position.</p>		
		525,061
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.</p>		
		(157,573)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.</p>		
		(6,620)
<p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$90,590. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$94,644. 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 \$113,265. The net result was a decrease in the change in net position.</p>		
		(117,319)
<p>GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$23,838. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$17,516. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$9,947. The net result was a decrease in the change in net position.</p>		
		(3,325)
Change in Net Position of Governmental Activities	\$	452,755

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

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

EXHIBIT D-1

		Governmental Activities -
		Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	10
Due from Other Funds		14,963
Total Assets		14,973
LIABILITIES		
Current Liabilities:		
Accounts Payable		9,039
Total Liabilities		9,039
NET POSITION		
Unrestricted Net Position		5,934
Total Net Position	\$	5,934

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

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

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 2,118
Total Operating Revenues	2,118
OPERATING EXPENSES:	
Payroll Costs	2,118
Total Operating Expenses	2,118
Operating Income	-
Total Net Position - September 1 (Beginning)	5,934
Total Net Position - August 31 (Ending)	\$ 5,934

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

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

EXHIBIT D-3

	Governmental Activities -	
	Internal Service Fund	
<u>Cash Flows from Operating Activities:</u>		
Cash Received from Assessments - Other Funds	\$	2,118
Cash Payments for Insurance Claims		(2,118)
Net Cash Provided by Operating Activities		-
Net Increase in Cash and Cash Equivalents		-
Cash and Cash Equivalents at Beginning of Year		10
Cash and Cash Equivalents at End of Year	\$	10
<u>Reconciliation of Total Cash and Cash Equivalents:</u>		
Cash and Cash Equivalents on Balance Sheet	\$	10
Pooled Cash and Cash Equivalents on Balance Sheet		-
Total Cash and Cash Equivalents	\$	10
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u> Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss)	\$	-

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

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

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 14,797
Total Assets	<u>14,797</u>
NET POSITION	
Restricted for Other Purposes	<u>14,797</u>
Total Net Position	<u>\$ 14,797</u>

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

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	Custodial Fund
ADDITIONS:	
Enterprising Services Revenue	\$ 33,315
Contributions, Gifts and Donations	5,511
Miscellaneous Additions	32,007
Total Additions	70,833
DEDUCTIONS:	
Professional and Contracted Services	2,506
Supplies and Materials	62,323
Other Deductions	13,112
Total Deductions	77,941
Change in Fiduciary Net Position	(7,108)
Total Net Position - September 1 (Beginning)	-
Prior Period Adjustment	21,905
Total Net Position - August 31 (Ending)	\$ 14,797

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

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SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Santa Anna Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in **GASB Statement No. 76**, and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

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

The District applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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

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

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

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

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

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

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

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund.** The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

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

Governmental Funds:

2. **Special Revenue Funds.** The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
3. **Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Proprietary Funds:

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

Fiduciary Funds:

5. **Custodial Funds.** The District accounts for resources held for others in a custodial capacity in custodial funds. The District's Custodial Fund is the "Santa Anna Student Activity Fund."

E. OTHER ACCOUNTING POLICIES

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

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

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

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

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

<u>Asset:</u>	<u>Years</u>
Buildings	50
Building Improvements	20-50
Vehicles	5-10
Equipment	5-15
Infrastructure	20

6. In the fund financial statements, governmental funds report fund balance as nonspendable if the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to remain intact. Restrictions of fund balance are for amounts that are restricted to specific purposes by an external entity (creditors, grantors, governmental regulations) or the restriction is imposed by law through constitutional provision or enabling legislation. Commitments of fund balance represent amounts that can only be used for specific purposes pursuant to constraints imposed by the District's board. Assignments of fund balance are amounts set aside by the District's superintendent or his designee with the intent they be used for specific purposes.
7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
8. In general governments are required to report investments at fair value. These methods are disclosed in section III.A. below.
9. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Items reported as deferred outflows of resources are as follows:

Deferred charges related to TRS retirement	\$ 539,487
Deferred charges related to TRS OPEB	\$ 539,308

10. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. Items reported as deferred inflows of resources are as follows:

Deferred charges related to TRS retirement	\$ 134,845
Deferred charges related to TRS OPEB	\$ 855,487

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 in RSI and the other reports are in Exhibits J-2 and J-3.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. (However, none of these were significant.)
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year, the District had the following functional categories that exceeded its final amended budget by more than \$2,500 in the Child Nutrition Fund:

Functional Category	Amount Over Budget	Explanation
0035 - Food services	\$ 6,938	Overage due to ending accounts payable not accounted for in final budget amendments.

C. DEFICIT FUND EQUITY

None.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits. State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits. The District was not exposed to custodial credit risk.

Foreign Currency Risk. The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by having no deposits denominated in a foreign currency. Therefore, the District was not exposed to foreign currency risk.

As of August 31, 2021, the following are the District's cash and cash equivalents (including it's student activity fund) with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity < 1 Yr	Maturity 1-10 Yrs	Maturity > 10 Yrs	Credit Rating
Money market and FDIC insured accounts	\$ 5,558,812	100%	\$ 5,558,812			N/A
Petty cash	1,236	0%	1,236			AAA
Total Cash and Cash Equivalents	\$ 5,560,048	100%	\$ 5,560,048			

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act**(Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for the District are specified below:

Credit Risk. To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in commercial paper, corporate bonds or mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2021, all investments were rated AAA. Therefore, the District was not exposed to credit risk.

Custodial Credit Risk for Investments. To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent. The District was not exposed to custodial credit risk.

Concentration of Credit Risk. To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%. The District was not exposed to concentration of credit risk.

Interest Rate Risk. To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires a review of its investment portfolio at least annually to determine whether market conditions pose an inherent risk of future interest rates either rising or falling which could significantly affect investment performance. The District was not exposed to interest rate risk.

Foreign Currency Risk for Investments. The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in any foreign currency. Therefore, the District was not exposed to foreign currency risk.

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. the hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

At August 31, 2021, the District had no investments.

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of August 31, 2021 is as follows:

Fund	Receivable	Payable	Purpose	Current?
General fund	\$ 23,662	\$ 14,963	Temporary advances	Yes
Nonmajor governmental funds		23,662	Temporary advances	Yes
Internal service fund	14,963		Temporary advances	Yes
Total	<u>\$ 38,625</u>	<u>\$ 38,625</u>		

Interfund transfers for the year ended August 31, 2021 consisted of the following individual amounts:

Fund	Transfers In	Transfers Out	Purpose
None.			

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2021 were as follows:

	Property Taxes (net)	Other Government	Other Receivables	Total Receivables
Governmental Activities:				
General fund	\$ 54,053	\$ 98,432	\$ 2,929	\$ 155,414
Nonmajor governmental funds	3,709	58,565	204	62,478
Total Governmental Activities	<u>\$ 57,762</u>	<u>\$ 156,997</u>	<u>\$ 3,133</u>	<u>\$ 217,892</u>

Payables at August 31, 2021 were as follows:

	Accounts	Accrued Payroll Liabilities	Total Payables
Governmental Activities:			
General fund	\$ 15,826	\$ 118,198	\$ 134,024
Nonmajor governmental funds	14,715	21,285	36,000
Total Governmental Activities	<u>\$ 30,541</u>	<u>\$ 139,483</u>	<u>\$ 170,024</u>

F. CAPITAL ASSET ACTIVITY

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

	(Restated) Balance 8/31/2020	Additions	Disposals	Balance 8/31/2021
Governmental activities:				
Land and improvements	\$ 62,531			\$ 62,531
Buildings and improvements	8,502,934	27,444		8,530,378
Furniture and equipment	803,158	144,687	288,551	659,294
Infrastructure	845,189	11,425		856,614
Totals	<u>10,213,812</u>	<u>183,556</u>	<u>288,551</u>	<u>10,108,817</u>
Less accumulated depreciation for:				
Buildings and improvements	5,168,320	117,772		5,286,092
Furniture and equipment	743,256	18,559	288,551	473,264
Infrastructure	223,153	21,242		244,395
Total accumulated depreciation	<u>6,134,729</u>	<u>157,573</u>	<u>288,551</u>	<u>6,003,751</u>
Governmental activities capital assets, net	<u>\$ 4,079,083</u>	<u>\$ 25,983</u>	<u>\$ 0</u>	<u>\$ 4,105,066</u>

Beginning balances were re-characterized for infrastructure assets previously categorized as buildings and improvements and furniture and equipment along with the related accumulated depreciation expense on those assets. Additionally, beginning balances for accumulated depreciation were restated for prior year errors in computations of annual depreciation expense.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

11 - Instruction	\$ 72,658
12 - Instructional resources and media services	1,261
23 - School leadership	7,692
31 - Guidance, counseling and evaluation services	2,402
33 - Health services	578
34 - Student (pupil) transportation	9,563
35 - Food services	6,980
36 - Extracurricular activities	25,004
41 - General administration	9,369
51 - Facilities maintenance and operations	15,128
52 - Security and monitoring services	2,417
53 - Data processing services	4,521
Total depreciation expense - governmental activities	<u>\$ 157,573</u>

G. BONDS AND LONG-TERM NOTES PAYABLE

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

A summary of changes in general long-term debt for the year ended August 31, 2021 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	(Restated) Balance 8/31/2020	Issued	Retired	Balance 8/31/2021
Bonds Payable:						
Unlimited tax refunding bonds, series 2011	0.75%-3.75%	\$ 1,259,999	\$ 875,000		\$ 60,000	\$ 815,000
Bond premium, series 2011	N/A		70,056		5,859	64,197
Note Payable:						
Santa Anna National Bank	2.97%	\$ 308,330	281,505		281,505	0
Total Long-Term Debt			<u>\$ 1,226,561</u>		<u>\$ 347,364</u>	<u>\$ 879,197</u>

Santa Anna ISD Unlimited Tax Refunding Bonds, Series 2011 -

On September 15, 2011, the District issued \$1,259,999 in unlimited tax refunding bonds to provide the resources to place in an escrow account for the purpose of generating resources for future debt service payments of \$1,220,000 of unlimited tax school building bonds originally issued in 2002. Interest rates on the debt range from 0.75% - 3.75% and mature on August 15, 2032. As a result, the refunded bonds are considered defeased and the liability has been removed from the government-wide financial statements.

H. DEBT SERVICE REQUIREMENTS - BONDS AND LONG-TERM NOTES PAYABLE

Future debt service requirements on bonds are as follows:

Year Ended August 31,	Principal	Interest	Net Requirements
2022	\$ 65,000	\$ 28,875	\$ 93,875
2023	65,000	26,925	91,925
2024	70,000	24,975	94,975
2025	70,000	22,525	92,525
2026	70,000	20,075	90,075
2027-31	390,000	60,188	450,188
2032	85,000	3,187	88,187
Totals	<u>\$ 815,000</u>	<u>\$ 186,750</u>	<u>\$ 1,001,750</u>

I. DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 218,974,205,084
Less: Plan Fiduciary Net Position	(165,416,245,243)
Net Pension Liability	<u>\$ 53,557,959,841</u>

Net Position as a percentage of Total Pension Liability 75.54%

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

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. 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2020 and 2021.

Contribution Rates		
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%

Current fiscal year District contributions	\$ 90,590
Current fiscal year Member contributions	\$ 161,137
2020 measurement year NECE contributions	\$ 119,371

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district does not contribute to the Federal Old-Age Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees, and 100% of the state contribution rate for all other employees.

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.3%
Salary Increases	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2019. For a full description of these assumptions, please see the TRS CAFR and actuarial valuation report dated November 14, 2019.

Discount Rate. The single discount rate used to measure the total pension liability was 7.25%. This was a change in the discount rate from the previous year of 0.00%. 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 set 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 future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.33%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation ¹ %	Long-Term Expected Geometric Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18%	3.9%	0.99%
Non-U.S. Developed	13%	5.1%	0.92%
Emerging Markets	9%	5.6%	0.83%
Private Equity	14%	6.7%	1.41%
Stable Value			
Government Bonds	16%	-0.7%	-0.05%
Absolute Return (Including Credit Sensitive Investments)	0%	1.8%	0.00%
Stable Value Hedge Funds	5%	1.9%	0.11%
Real Return			
Real Estate	15%	4.6%	1.02%
Energy, Natural Resources and Infrastructure	6%	6.0%	0.42%
Commodities	0%	0.8%	0.00%
Risk Parity			
Risk Parity	8%	3.0%	0.30%
Asset Allocation Leverage			
Cash	2%	-1.5%	-0.03%
Asset Allocation Leverage	-6%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag ³			-0.67%
Expected Return	<u>100%</u>		<u>7.33%</u>

¹ Target allocations are based on the FY2020 policy model.

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

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2020 Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	\$ 1,642,830	\$ 1,065,402	\$ 596,254

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2021, the District reported a liability of \$1,065,402 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 1,065,402
State's proportionate share that is associated with the District	1,549,494
Total	<u>\$ 2,614,896</u>

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

At August 31, 2020 the District's proportion of the collective net pension liability was 0.0019892500% which was an increase of 0.0002812231% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation. Changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period are as follows:

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

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

For the year ended August 31, 2021, the District recognized pension expense of \$394,279 and revenue of \$186,370 for support provided by the Sate in the Government-Wide Statement of Activities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experiences	\$ 1,945	\$ 29,733
Changes in actuarial assumptions	247,211	105,112
Differences between projected and actual investment earnings	21,568	
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	178,173	
Total as of August 31, 2020 measurement date	<u>\$ 448,897</u>	<u>\$ 134,845</u>
Contributions paid to TRS subsequent to the measurement date	90,590	
Total as of August 31, 2021 fiscal year end	<u>\$ 539,487</u>	<u>\$ 134,845</u>

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

Fiscal year ended August 31,	Amount
2022	\$ 82,824
2023	\$ 91,182
2024	\$ 82,516
2025	\$ 42,669
2026	\$ 9,311
Thereafter	\$ 5,550

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

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

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

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

Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible Medicare retirees and dependents may pay premiums to participate in the Medicare Advantage health plans. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86th legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

The following premium rates for retirees with Medicare Part A and Part B became effective January 1, 2018 and are reflected in the following table.

TRS-Care Plan Premium Rates Effective January 1, 2018 - December 31, 2021		
	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

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 plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for the plan 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 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2020	2021
Active employee	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 District contributions	\$	23,838
Current fiscal year member contributions	\$	13,603
2020 measurement year NECE contributions	\$	31,388

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

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$2,208,137 for fiscal year 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal year 2021.

Actuarial Assumptions. The total OPEB liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care was performed as of August 31, 2019. Update procedures were used to roll forward the total OPEB liability to August 31, 2020.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions used for members of TRS are identical to the assumptions employed in the August 31, 2020 TRS annual pension actuarial valuation:

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

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

The initial medical trend rates were 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. There was an initial prescription drug trend rate of 9.00% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Additional Actuarial Methods and Assumptions:

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

Discount Rate. A single discount rate of 2.33% was used to measure the total OPEB liability. There was a change of (0.30%) 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 source of the municipal bond rate was 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District’s proportionate share of net OPEB liability	\$ 1,401,944	\$ 1,168,289	\$ 983,735

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District’s proportionate share of net OPEB liability	\$ 954,342	\$ 1,168,289	\$ 1,453,235

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2021, the District reported a liability of \$1,168,289 for its proportionate share of the TRS’s net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s proportionate share of the collective net OPEB liability	\$ 1,168,289
State’s proportionate share that is associated with the District	1,569,900
Total	<u>\$ 2,738,189</u>

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

At August 31, 2020 the District's proportion of the collective net OPEB liability was 0.0030732701% which was an increase of 0.0005384790% from its proportion measured as of August 31, 2019.

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

1. The discount rate changed from 3.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability (TOL).
2. The participation rate for pre-65 retirees was lowered from 50% to 40%. This change decreased the TOL.
3. The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December, 2019. This change decreased the TOL.

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

For the year ended August 31, 2021, the District recognized OPEB expense of \$16,262 and revenue of (\$10,901) for support provided by the State.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual actuarial experience	\$ 61,171	\$ 534,669
Changes in actuarial assumptions	72,059	320,818
Differences between projected and actual investment earnings	379	
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	381,861	
Total as of August 31, 2020 measurement date	<u>\$ 515,470</u>	<u>\$ 855,487</u>
Contributions paid to TRS subsequent to the measurement date	23,838	
Total as of August 31, 2021 fiscal year end	<u><u>\$ 539,308</u></u>	<u><u>\$ 855,487</u></u>

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

Fiscal year ended August 31,	Amount
2022	\$ (70,880)
2023	\$ (70,931)
2024	\$ (70,960)
2025	\$ (70,952)
2026	\$ (39,746)
Thereafter	\$ (16,548)

K. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES

Retiree Health Care Coverage

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Texas Insurance Code Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by phoning the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet Website, www.trs.state.tx.us under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The Contribution Rate for the State was 1.25% for 2019 thru 2021. The contribution rate for the district was 0.75% for 2019 thru 2021. The contribution rate for active employees was 0.65% of the district payroll for 2019 thru 2021. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal programs, the federal programs are required to contribution 1.25% for 2019 thru 2021.

Contributions. Contributions made by the State on behalf of the District are recorded in the governmental funds financial statements as both revenue and expenditures. State contributions to TRS made on behalf to the District's employees as well as the District's required contributions and federal grant program contributions for the years ended August 31, 2021, 2020 and 2019 are as follows:

Contribution Rates and Contribution Amounts						
Year	Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2021	0.65%	\$ 13,603	1.25%	\$ 26,159	0.75%	\$ 15,695
2020	0.65%	\$ 13,144	1.25%	\$ 25,277	0.75%	\$ 15,166
2019	0.65%	\$ 12,254	1.25%	\$ 23,565	0.75%	\$ 14,139

Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments recognized as equal revenues and expenditures by the District for the years ended August 31, 2021, 2020 and 2019 were \$8,979, \$8,738 and \$6,960, respectively.

Active Employee Health Care Coverage

Plan Description. The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

L. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2021, was as follows:

	(Restated) Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable	\$ 875,000		\$ 60,000	\$ 815,000	\$ 65,000
Bond premium	70,056		5,859	64,197	0
Notes payable	281,505		281,505	0	0
Net pension liability	887,886	259,593	82,077	1,065,402	0
Net OPEB liability	1,198,733		30,444	1,168,289	0
Total	\$ 3,313,180	\$ 259,593	\$ 459,885	\$ 3,112,888	\$ 65,000

M. UNAVAILABLE/UNEARNED REVENUE

Unavailable and unearned revenue at year-end consisted of the following:

Fund	Unavailable Revenue (levied but uncollected property taxes)
General fund	\$ 54,053
Nonmajor governmental funds	3,709
Total	\$ 57,762

N. DUE FROM STATE AND FEDERAL AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2021, are summarized below. They are reported on the combined financial statements as Due from Other Governments.

	State Entitlements	Federal Grants	Total
General	\$ 98,432		\$ 98,432
Nonmajor governmental funds	7,011	51,554	58,565
Net Total Receivables	\$ 105,443	\$ 51,554	\$ 156,997

O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Description	General Fund	Other Governmental Funds	Total
Property taxes	\$ 1,044,216	\$ 76,488	\$ 1,120,704
Penalties, interest and other tax-related income (net of discounts)	(6,008)	(489)	(6,497)
Food sales		11,719	11,719
Investment income	25,333	164	25,497
Extracurricular student activities	11,313		11,313
Rental income	21,000		21,000
Local grants and contributions	92,504	3,131	95,635
Other income	1,511	1,200	2,711
Total	\$ 1,189,869	\$ 92,213	\$ 1,282,082

P. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Q. JOINT VENTURE SHARED SERVICE ARRANGEMENTS

The District participates in contracted shared services arrangement for Special Education services with Heartland Special Education Cooperative. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

The District also participates in various shared service arrangements with the Education Service Center Region 15. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The Education Service Center Region 15 is the fiscal agent manager and is responsible for all financial activities of the shared service arrangement.

R. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year 2021, the District purchased commercial insurance to cover general liabilities. Additional insurance information by coverage type follows.

Property Casualty Program

The District participated in the Texas Association of School Boards Risk Management Fund (the "Fund") with coverage in auto liability, auto physical damage, general liability, property and legal liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. There were no significant reductions in coverage in the past fiscal year and there were not settlements exceeding insurance coverage for each of the past three years.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its auto, liability and property programs. The terms and limits of the stop-loss program vary by line coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2021, the Fund anticipates the District has not additional liability beyond the contractual obligations for payment of contributions.

Unemployment Compensation

During the year ended August 31, 2021, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the year ended August 31, 2021, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

Workers' Compensation

The District has established a partially self-funded workers' compensation plan by participating in the Claims Administrative Services, Inc. self-insured workers' compensation program administered by Texas Educational Insurance Association (the "Association"). The Association is a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The main purpose of the Association is to partially self-insure certain workers compensation risks up to a agreed upon retention limit. The plan for workers' compensation benefits is authorized by Section 504.011 of the Labor Code. Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The liability of the workers' compensation self-insurance plan was \$9,039. Estimated claims incurred but not reported totaled \$5,218. Costs are allocated to other funds and the retained earnings are fully reserved for self-funded insurance. Estimates of claims payable at August 31, 2021, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the fund as they become due.

S. GENERAL FUND FEDERAL SOURCE REVENUES

Revenues from federal sources, which are reported in the General Fund, consist of:

Program or Service	CFDA	Amount
SHARS	N/A	<u>\$ 5,471</u>

T. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 18, 2021; the date which the financial statements were available for distribution. There were none noted.

U. PRIOR PERIOD ADJUSTMENTS

The District implemented GASB Statement 84 during the current year under audit. Such implementation reclassified balances previously characterized as due to various other organizations in an agency fund. GASB Statement 84 caused those organizations to be re-evaluated as to classification and characterization of both custodial and special revenue fund types.

Other beginning balance adjustments were necessary to properly state beginning balances. Total beginning balance adjustment details are summarized below:

Beginning Balance Adjustment Description	Fund-Level Adjustment	Government-Wide Adjustment
Governmental Funds:		
Beginning balance adjustment necessary for GASB 84	\$ 8,869	\$ 8,869
Correction for prior year accounts payable not accrued	(24,724)	(24,724)
Correction for prior year state receivables not accrued	132,643	132,643
Correction for prior year accumulated depreciation calculated incorrectly	0	20,627
Correction for prior year long-term debt and bond premium error	0	(10,602)
Correction for prior year accrued interest payable not accrued	0	(1,278)
Total Governmental Funds	<u>116,788</u>	<u>125,535</u>
Custodial Funds:		
Beginning balance adjustment necessary for GASB 84	21,905	0
Total Custodial Funds	<u>21,905</u>	<u>0</u>
Grand Total	<u>\$ 138,693</u>	<u>\$ 125,535</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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SANTA ANNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,149,081	\$ 1,194,581	\$ 1,189,869	\$ (4,712)
5800	State Program Revenues	2,529,336	2,529,336	2,523,061	(6,275)
5900	Federal Program Revenues	8,000	8,000	5,471	(2,529)
5020	Total Revenues	3,686,417	3,731,917	3,718,401	(13,516)
EXPENDITURES:					
Current:					
0011	Instruction	1,798,314	1,800,314	1,653,817	146,497
0012	Instructional Resources and Media Services	33,461	41,961	37,194	4,767
0013	Curriculum and Instructional Staff Development	55,225	40,225	-	40,225
0023	School Leadership	238,770	238,770	232,137	6,633
0031	Guidance, Counseling, and Evaluation Services	75,929	75,929	72,648	3,281
0033	Health Services	14,525	18,025	17,484	541
0034	Student (Pupil) Transportation	178,685	178,685	109,021	69,664
0035	Food Services	6,328	8,328	7,928	400
0036	Extracurricular Activities	187,691	187,691	126,577	61,114
0041	General Administration	326,686	326,686	277,083	49,603
0051	Facilities Maintenance and Operations	427,730	462,730	415,190	47,540
0052	Security and Monitoring Services	5,000	5,000	4,256	744
0053	Data Processing Services	134,753	136,753	136,035	718
Debt Service:					
0071	Principal on Long-Term Debt	12,400	289,400	281,505	7,895
0072	Interest on Long-Term Debt	8,000	8,000	4,824	3,176
Capital Outlay:					
0081	Facilities Acquisition and Construction	20,000	35,000	27,444	7,556
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	99,920	99,920	99,918	2
0099	Other Intergovernmental Charges	45,000	37,500	-	37,500
6030	Total Expenditures	3,668,417	3,990,917	3,503,061	487,856
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	18,000	(259,000)	215,340	474,340
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	(18,000)	(18,000)	-	18,000
1200	Net Change in Fund Balances	-	(277,000)	215,340	492,340
0100	Fund Balance - September 1 (Beginning)	5,111,951	5,111,951	5,111,951	-
1300	Increase (Decrease) in Fund Balance	-	-	110,158	110,158
3000	Fund Balance - August 31 (Ending)	\$ 5,111,951	\$ 4,834,951	\$ 5,437,449	\$ 602,498

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

	Measurement Year Ended August 31,						
	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0019892500%	0.0017080269%	0.0016994152%	0.0015390781%	0.0015043183%	0.0014343000%	0.0007626000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,065,402	\$ 887,886	\$ 935,399	\$ 492,114	\$ 568,460	\$ 507,006	\$ 203,701
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	1,549,494	1,349,896	1,428,760	929,976	1,129,520	1,116,790	965,705
Total	<u>\$ 2,614,896</u>	<u>\$ 2,237,782</u>	<u>\$ 2,364,159</u>	<u>\$ 1,422,090</u>	<u>\$ 1,697,980</u>	<u>\$ 1,623,796</u>	<u>\$ 1,169,406</u>
District's Covered Payroll	\$ 2,022,084	\$ 1,885,209	\$ 1,798,703	\$ 1,771,031	\$ 1,719,696	\$ 1,633,994	\$ 1,615,502
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	52.69%	47.10%	52.00%	27.79%	33.06%	31.03%	12.61%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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

	Fiscal Year Ended August 31,						
	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 90,590	\$ 81,500	\$ 60,243	\$ 57,587	\$ 50,441	\$ 47,796	\$ 41,470
Contribution in Relation to the Contractually Required Contribution	<u>(90,590)</u>	<u>(81,500)</u>	<u>(60,243)</u>	<u>(57,587)</u>	<u>(50,441)</u>	<u>(47,796)</u>	<u>(41,470)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,092,693	\$ 2,022,084	\$ 1,885,209	\$ 1,798,703	\$ 1,771,031	\$ 1,719,696	\$ 1,633,994
Contributions as a percentage of Covered Payroll	4.33%	4.03%	3.20%	3.20%	2.85%	2.78%	2.54%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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

	Measurement Year Ended August 31,			
	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0030732701%	0.0025347911%	0.0024381862%	0.0023554479%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,168,289	\$ 1,198,733	\$ 1,217,409	\$ 1,024,296
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	<u>1,569,900</u>	<u>1,592,849</u>	<u>1,387,928</u>	<u>1,264,945</u>
Total	<u>\$ 2,738,189</u>	<u>\$ 2,791,582</u>	<u>\$ 2,605,337</u>	<u>\$ 2,289,241</u>
District's Covered Payroll	\$ 2,022,084	\$ 1,885,209	\$ 1,798,703	\$ 1,771,031
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	57.78%	63.59%	67.68%	57.84%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

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

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

	Fiscal Year Ended August 31,			
	2021	2020	2019	2018
Contractually Required Contribution	\$ 23,838	\$ 17,516	\$ 18,074	\$ 16,884
Contribution in Relation to the Contractually Required Contribution	<u>(23,838)</u>	<u>(17,516)</u>	<u>(18,074)</u>	<u>(16,884)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,092,693	\$ 2,022,084	\$ 1,885,209	\$ 1,798,703
Contributions as a percentage of Covered Payroll	1.14%	0.87%	0.96%	0.94%

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

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

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level.

Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms.

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

Changes of assumptions.

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

Changes of benefit terms.

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

Changes of assumptions.

See Footnote J page 37 for changes in assumptions that affected measurement of the total OPEB liability during the measurement period.

COMBINING SCHEDULES

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	265 Title IV, B Community Learning
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ 17,391	\$ -	\$ -
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes	-	-	-	-
1240 Due from Other Governments	33,502	12,308	3,451	-
1290 Other Receivables	-	-	-	-
1000 Total Assets	<u>\$ 33,502</u>	<u>\$ 29,699</u>	<u>\$ 3,451</u>	<u>\$ -</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 14,715	\$ -	\$ -
2160 Accrued Wages Payable	12,375	5,586	-	-
2170 Due to Other Funds	19,750	-	3,451	-
2200 Accrued Expenditures	1,377	115	-	-
2000 Total Liabilities	<u>33,502</u>	<u>20,416</u>	<u>3,451</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	-	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	9,283	-	-
3480 Retirement of Long-Term Debt	-	-	-	-
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>9,283</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 33,502</u>	<u>\$ 29,699</u>	<u>\$ 3,451</u>	<u>\$ -</u>

266 ESSER -School Emergency Relief	270 ESEA VI, Pt B Rural & Low Income	282 ESSER III - American Rescue Plan	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,859	\$ 25,250
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,832	-	461	-	-	-	51,554
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,832</u>	<u>\$ -</u>	<u>\$ 461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,859</u>	<u>\$ 76,804</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,715
-	1,647	-	-	-	-	-	19,608
-	-	-	461	-	-	-	23,662
-	185	-	-	-	-	-	1,677
<u>-</u>	<u>1,832</u>	<u>-</u>	<u>461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,662</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	9,283
-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,859	7,859
-	-	-	-	-	-	7,859	17,142
<u>\$ -</u>	<u>\$ 1,832</u>	<u>\$ -</u>	<u>\$ 461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,859</u>	<u>\$ 76,804</u>

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

Data Control Codes	599 Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ 58,588	\$ 83,838
1220 Property Taxes - Delinquent	8,617	8,617
1230 Allowance for Uncollectible Taxes	(4,908)	(4,908)
1240 Due from Other Governments	7,011	58,565
1290 Other Receivables	204	204
1000 Total Assets	<u>\$ 69,512</u>	<u>\$ 146,316</u>
LIABILITIES		
2110 Accounts Payable	\$ -	\$ 14,715
2160 Accrued Wages Payable	-	19,608
2170 Due to Other Funds	-	23,662
2200 Accrued Expenditures	-	1,677
2000 Total Liabilities	<u>-</u>	<u>59,662</u>
DEFERRED INFLOWS OF RESOURCES		
2601 Unavailable Revenue - Property Taxes	3,709	3,709
2600 Total Deferred Inflows of Resources	<u>3,709</u>	<u>3,709</u>
FUND BALANCES		
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	9,283
3480 Retirement of Long-Term Debt	65,803	65,803
Assigned Fund Balance:		
3590 Other Assigned Fund Balance	-	7,859
3000 Total Fund Balances	<u>65,803</u>	<u>82,945</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 69,512</u>	<u>\$ 146,316</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	265 Title IV, B Community Learning
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 11,719	\$ -	\$ -
5800 State Program Revenues	-	823	-	-
5900 Federal Program Revenues	181,768	180,787	11,474	107,965
5020 Total Revenues	181,768	193,329	11,474	107,965
EXPENDITURES:				
Current:				
0011 Instruction	181,768	-	11,474	102,457
0012 Instructional Resources and Media Services	-	-	-	-
0023 School Leadership	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	201,113	-	2,024
0041 General Administration	-	-	-	2,809
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	675
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Intergovernmental:				
0099 Other Intergovernmental Charges	-	-	-	-
6030 Total Expenditures	181,768	201,113	11,474	107,965
1200 Net Change in Fund Balance	-	(7,784)	-	-
0100 Fund Balance - September 1 (Beginning)	-	19,306	-	-
1300 Increase (Decrease) in Fund Balance	-	(2,239)	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 9,283	\$ -	\$ -

266 ESSER -School Emergency Relief	270 ESEA VI, Pt B Rural & Low Income	282 ESSER III - American Rescue Plan	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,331	\$ 16,050
-	-	-	-	29,710	20,350	-	50,883
136,642	19,680	74,418	3,079	-	-	-	715,813
136,642	19,680	74,418	3,079	29,710	20,350	4,331	782,746
82,894	19,680	8,518	3,079	29,710	350	3,933	443,863
-	-	-	-	-	-	944	944
-	-	-	-	-	-	464	464
-	-	65,900	-	-	-	-	65,900
-	-	-	-	-	-	-	203,137
3,420	-	-	-	-	-	-	6,229
-	-	-	-	-	20,000	-	20,000
-	-	-	-	-	-	-	675
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
50,328	-	-	-	-	-	-	50,328
136,642	19,680	74,418	3,079	29,710	20,350	5,341	791,540
-	-	-	-	-	-	(1,010)	(8,794)
-	-	-	-	-	-	-	19,306
-	-	-	-	-	-	8,869	6,630
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	7,859	\$ 17,142

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

Data Control Codes	599 Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 76,163	\$ 92,213
5800 State Program Revenues	20,897	71,780
5900 Federal Program Revenues	-	715,813
5020 Total Revenues	<u>97,060</u>	<u>879,806</u>
EXPENDITURES:		
Current:		
0011 Instruction	-	443,863
0012 Instructional Resources and Media Services	-	944
0023 School Leadership	-	464
0034 Student (Pupil) Transportation	-	65,900
0035 Food Services	-	203,137
0041 General Administration	-	6,229
0052 Security and Monitoring Services	-	20,000
0053 Data Processing Services	-	675
Debt Service:		
0071 Principal on Long-Term Debt	60,000	60,000
0072 Interest on Long-Term Debt	30,675	30,675
0073 Bond Issuance Cost and Fees	400	400
Intergovernmental:		
0099 Other Intergovernmental Charges	-	50,328
6030 Total Expenditures	<u>91,075</u>	<u>882,615</u>
1200 Net Change in Fund Balance	5,985	(2,809)
0100 Fund Balance - September 1 (Beginning)	59,818	79,124
1300 Increase (Decrease) in Fund Balance	-	6,630
3000 Fund Balance - August 31 (Ending)	<u>\$ 65,803</u>	<u>\$ 82,945</u>

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REQUIRED TEA SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	\$ 1.040000	\$ 0.073000	\$ Various
2013	1.040000	0.053000	74,001,418
2014	1.040000	0.059550	80,266,657
2015	1.040000	0.059600	89,011,825
2016	1.040000	0.065000	90,050,959
2017	1.040000	0.067910	89,675,022
2018	1.040000	0.067745	95,235,862
2019	1.040000	0.058810	116,892,770
2020	0.970000	0.068000	113,793,908
2021 (School year under audit)	0.966400	0.071000	107,721,939
1000 TOTALS			

(10) Beginning Balance 9/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2021
\$ 44,476	\$ -	\$ 240	\$ 17	\$ (46)	\$ 44,173
7,076	-	49	3	(67)	6,957
1,737	-	-	-	(6)	1,731
6,589	-	54	3	(6)	6,526
6,951	-	786	49	(14)	6,102
5,879	-	903	59	(1,196)	3,721
9,458	-	761	50	(1,652)	6,995
15,949	-	7,755	438	(1,766)	5,990
42,515	-	21,239	1,486	(1,742)	18,048
-	1,117,507	1,012,429	74,383	(3,087)	27,608
<u>\$ 140,630</u>	<u>\$ 1,117,507</u>	<u>\$ 1,044,216</u>	<u>\$ 76,488</u>	<u>\$ (9,582)</u>	<u>\$ 127,851</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 6,700	\$ 6,700	\$ 11,719	\$ 5,019
5800 State Program Revenues	775	775	823	48
5900 Federal Program Revenues	158,800	158,800	180,787	21,987
5020 Total Revenues	<u>166,275</u>	<u>166,275</u>	<u>193,329</u>	<u>27,054</u>
EXPENDITURES:				
Current:				
0011 Instruction	100	100	-	100
Current:				
0035 Food Services	184,175	194,175	201,113	(6,938)
6030 Total Expenditures	<u>184,275</u>	<u>194,275</u>	<u>201,113</u>	<u>(6,838)</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,000)	(28,000)	(7,784)	20,216
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	18,000	18,000	-	(18,000)
1200 Net Change in Fund Balances	-	(10,000)	(7,784)	2,216
0100 Fund Balance - September 1 (Beginning)	19,306	19,306	19,306	-
1300 Increase (Decrease) in Fund Balance	-	-	(2,239)	(2,239)
3000 Fund Balance - August 31 (Ending)	<u>\$ 19,306</u>	<u>\$ 9,306</u>	<u>\$ 9,283</u>	<u>\$ (23)</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 70,615	\$ 70,615	\$ 76,163	\$ 5,548
5800 State Program Revenues	20,560	20,560	20,897	337
5020 Total Revenues	91,175	91,175	97,060	5,885
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	60,000	60,000	60,000	-
0072 Interest on Long-Term Debt	30,675	30,675	30,675	-
0073 Bond Issuance Cost and Fees	500	500	400	100
6030 Total Expenditures	91,175	91,175	91,075	100
1200 Net Change in Fund Balances	-	-	5,985	5,985
0100 Fund Balance - September 1 (Beginning)	59,818	59,818	59,818	-
3000 Fund Balance - August 31 (Ending)	\$ 59,818	\$ 59,818	\$ 65,803	\$ 5,985

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

Santa Anna Independent School District

Fiscal Year 2021

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	401786
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	229531

Section B: Bilingual Education Programs

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

OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

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Independent Auditor's Report

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

Board of Trustees
Santa Anna Independent School District
701 Bowie Street
Santa Anna, Texas 76878

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Santa Anna Independent School District (the "District") as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated October 18, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I 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 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Anna Independent School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* listed as item 2021-1 on the accompanying Schedule of Findings and Responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cameron L. Gulley
Certified Public Accountant
Eastland, Texas

October 18, 2021

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SANTA ANNA INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2021

Finding	Statement of Condition	Material Weakness?	Questioned Costs
	None.		

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SANTA ANNA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND RESPONSES
 FOR THE YEAR ENDED AUGUST 31, 2021

I. Summary of Auditor's Results

A. Financial Statements

Type of auditor's report issued: Unmodified.

Internal control over financial reporting:
 Material weakness(es) identified? No.
 Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported.

Noncompliance material to financial statements noted? No.

B. Federal Awards

Not applicable.

II. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

2021-1 State Compliance - Excess Expenditures Over Appropriations

Criteria In accordance with Texas Education Code §44.006, expenditures from governmental fund types cannot be made without authority of appropriation.

Statement of Condition The District failed to identify functional categories within its Child Nutrition Fund when expenditures exceeded the amended budget. Following are the net variances for each of the affected functional category which exceeded the budget by more than \$2,500:

Functional Category	Final Amended Budget	Actual Expenditure	Budget Variance
Function 0035 - Food Services	\$ 194,175	\$ 201,113	\$ (6,938)

Questioned Costs None.

Cause and Effect The District failed to account for ending accounts payable in its food service functional category listed above. Accounts payable accrued by the client totaled \$14,715. However, the accrual was made after final budget amendments were made by the District and the amendments made did not account for inclusion of the additional accrued expenditures.

Recommendations The District should review its business services procedures and analyses of account transactions and balances. Budget amendments should be considered and proposed to the board of trustees whenever it is projected that actual expenditures will be more than currently budgeted. The amendment process should incorporate known or expected encumbrances for accounts payable items paid after year-end.

III. Findings and Questioned Costs for Federal Awards

N/A.

**SANTA ANNA INDEPENDENT SCHOOL DISTRICT
701 BOWIE STREET
SANTA ANNA, TX 76878
Phone (325) 348-3136
Fax (325) 348-3141**

CORRECTIVE ACTION PLAN

2021-1 The District will review its business services procedures and analyses of account transactions and balances. Budget amendments will be considered and proposed to the board of trustees whenever it is projected that actual expenditures will be more than currently budgeted and before the actual expenditure of funds.

Contact representative: Katrina Tomlinson, business manager
701 Bowie Street
Santa Anna, Texas 76878
(325) 348-3136

Expected implementation date: Immediately