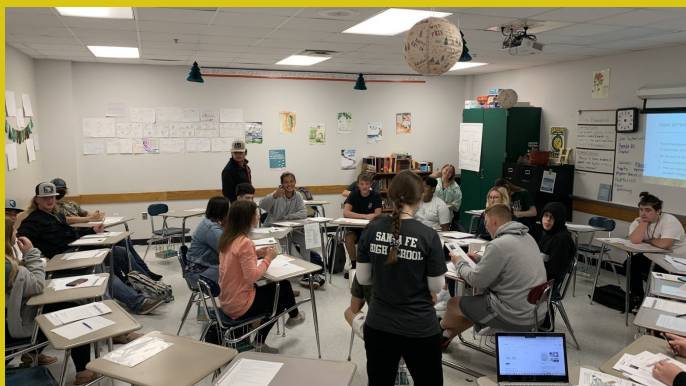
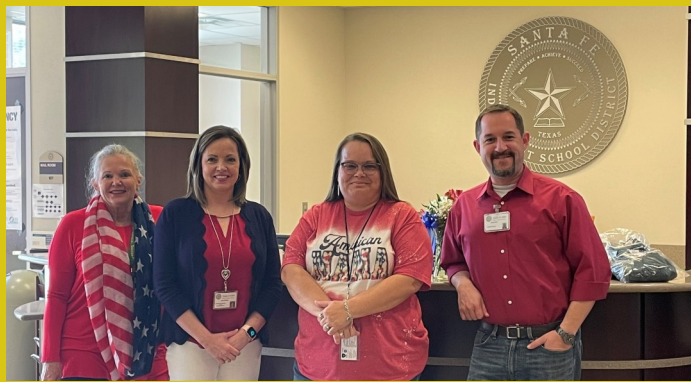


# Santa Fe Independent School District

Santa Fe, Texas



ANNUAL FINANCIAL AND COMPLIANCE REPORT  
For the Fiscal Year Ended June 30, 2021

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**SANTA FE INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
JUNE 30, 2021**

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## **FINANCIAL SECTION**

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**MAYS & ASSOCIATES<sup>PLLC</sup>**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
SANTA FE INDEPENDENT SCHOOL DISTRICT  
Santa Fe, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Santa Fe Independent School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flow thereof for the year then ended in accordance with accounting 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, budgetary comparison information, and TRS pension and OPEB schedules on pages 7-14 and 58-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements and schedules required by the Texas Education Agency are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, schedules required by the Texas Education Agency, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, schedules required by the Texas Education Agency, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

  
Mays & Associates, PLLC

Baytown, Texas  
November 12, 2021

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

As management of Santa Fe Independent School District (the District), we provide this narrative overview of the District's financial performance for the year ended June 30, 2021. We encourage readers to consider the information presented below in conjunction with the information included in the independent auditors' report and the District's Basic Financial Statements which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's total liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$3,047,722 (*net position*).
- The District's governmental funds reported combined ending fund balances of \$24,928,924, an increase of \$1,093,869 in comparison with the prior year. The increase in governmental fund balances was due primarily to excess revenues over expenditures. The District received additional grant funding compared to the previous year.
- The unassigned fund balance for the general fund was \$1,950,970 or 5% of total general fund expenditures. Total general fund balance was \$17,173,706.
- The District's bonded debt decreased by \$2,975,000 as a result of regularly scheduled debt.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – Management's Discussion and Analysis, the basic financial statements, and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The Statement of Net Position (Exhibit A-1) and the Statement of Activities (Exhibit B-1) are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining Governmental Fund Financial Statements, Proprietary Fund Statements and Fiduciary Fund Financial Statements focus on individual parts of the government and they report the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general government services were funded in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about activities the government operates like businesses, such as the District's print shop. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include Notes to the Financial Statements that explain in narrative form some of the information in the financial statements and also provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**Government-Wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference reported as net position. All of the current period's revenues and expenses are accounted for in the Statement of Activities regardless of when cash was received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position represents the difference between the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources and is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating, respectively.

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base and changes in student enrollment.

The government-wide financial statements of the District reflect the governmental activities which are principally supported by taxes and intergovernmental revenues. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and instructional staff development, health services, and general administration.

### **Fund Financial Statements**

The fund financial statements (Exhibits C-1 through D-2) provide more detailed information about the District's most significant funds, but not the District as a whole. A fund is a group of accounts that the District uses to record specific sources of revenue and to track expenditures used for particular purposes.

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

The District has two kinds of funds:

1. *Governmental Funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide Exhibits C-2 and C-4 to explain the differences between them.
2. *Proprietary Funds* – Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. Proprietary funds, like government-wide statements, provide both long- and short-term financial information. The District reports one type of proprietary fund, the Internal Service Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses an internal service fund to charge the costs of the District's print shop.
3. *Fiduciary Funds* – The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statements (Exhibits D-1 & D-2). We excluded these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

### **Fund Balance**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- *Restricted* – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

- *Committed* – includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board.
- *Assigned* – includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed.
- *Unassigned* – includes the residual fund balance for amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the *general fund*.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information compares the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds.

In addition, information related to the District's proportionate share of its net pension liability, net OPEB liability, and contributions to the Teacher Retirement System of Texas is also presented.

**Other Information**

The other supplementary information is presented immediately following the required supplementary information and includes schedules required by the Texas Education Agency.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$3,047,722 at the close of the most recent fiscal year.

A portion of the District's net position reflects its investment in capital assets (e.g. land, buildings and improvements, furniture and equipment, and accumulated depreciation), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**COMPARATIVE SCHEDULE OF NET POSITION**

	<b>Governmental Activities</b>		<b>Change</b>
	<b>2021</b>	<b>2020</b>	<b>2021-2020</b>
Current and other assets	\$ 34,853,831	\$ 41,609,398	\$ (6,755,567)
Capital assets and non current assets	91,320,218	88,028,310	3,291,908
<b>Total assets</b>	<u>126,174,049</u>	<u>129,637,708</u>	<u>(3,463,659)</u>
<b>Deferred outflows of resources</b>	<u>13,782,948</u>	<u>16,661,603</u>	<u>(2,878,655)</u>
Other liabilities	12,270,988	15,634,534	(3,363,546)
Long-term liabilities	111,576,216	123,596,504	(12,020,288)
<b>Total liabilities</b>	<u>123,847,204</u>	<u>139,231,038</u>	<u>(15,383,834)</u>
<b>Deferred inflows of resources</b>	<u>13,062,071</u>	<u>10,195,950</u>	<u>2,866,121</u>
Net position:			
Net investment in capital assets	8,226,596	1,594,973	6,631,623
Restricted	7,010,083	6,145,381	864,702
Unrestricted	(12,188,957)	(10,868,031)	(1,320,926)
<b>Total net position</b>	<u>\$ 3,047,722</u>	<u>\$ (3,127,677)</u>	<u>\$ 6,175,399</u>

Net position is restricted for various purposes as follows:

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Federal and state programs	\$ 624,134	\$ 151,113
Debt Services	6,385,949	5,994,268
Other Purposes	-	-
	<u>\$ 7,010,083</u>	<u>\$ 6,145,381</u>

Unrestricted net position, which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was (\$12,188,957) at June 30, 2021. Unrestricted net position continues to reflect a deficit balance. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net pension and OPEB liabilities. The District's liability is reported in governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the pension and TRS-Care plans are funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**COMPARATIVE SCHEDULE OF CHANGES IN NET POSITION**

	Governmental Activities				Change
	2021	%	2020	%	2021-2020
<b>Revenues</b>					
<b>Program revenues:</b>					
Charges for services	\$ 1,518,354	2%	\$ 2,136,498	3%	\$ (618,144)
Operating grants & contributions	10,188,880	16%	9,215,671	15%	973,209
Capital grants & contributions	6,756,546	10%	2,430,554	4%	4,325,992
<b>General revenues:</b>					
Property taxes	23,451,302	36%	21,452,020	35%	1,999,282
State aid - formula grants	22,294,325	34%	24,597,796	40%	(2,303,471)
Grants and contributions not restricted	1,164,963	2%	891,759	1%	273,204
Investment earnings	40,194	0%	480,016	1%	(439,822)
Other	103,187	0%	335,733	1%	(232,546)
<b>Total revenues</b>	<u>65,517,751</u>	<u>100%</u>	<u>61,540,047</u>	<u>100%</u>	<u>3,977,704</u>
<b>Expenses:</b>					
Instruction and related services	29,771,743	50%	32,040,539	50%	(2,268,796)
Instructional and school leadership	3,063,743	5%	3,622,670	6%	(558,927)
Support services - student	9,680,084	16%	9,936,393	15%	(256,309)
Administrative support services	2,385,278	4%	2,544,494	4%	(159,216)
Support services - non-student based	10,865,723	18%	12,237,561	19%	(1,371,838)
Ancillary services	208,000	0%	282,915	0%	(74,915)
Debt service	3,114,859	5%	3,323,306	5%	(208,447)
Intergovernmental charges	252,922	0%	184,142	0%	68,780
<b>Total expenses</b>	<u>59,342,352</u>	<u>100%</u>	<u>64,172,020</u>	<u>100%</u>	<u>(4,829,668)</u>
 Increase (decrease) in net position	 6,175,399		 (2,631,973)		 8,807,372
 <b>Net position, beginning</b>	 (3,127,677)		 (495,704)		 (2,631,973)
<b>Prior period adjustment</b>	<u>-</u>		<u>-</u>		<u>-</u>
<b>Net position, ending</b>	<u>\$ 3,047,722</u>		<u>\$ (3,127,677)</u>		<u>\$ 6,175,399</u>

**Governmental Activities**

The increase in Net Position of \$6,175,399 results primarily from the acceptance of a state grant to improve school safety and renovate school facilities.

Governments providing defined benefit pension plans and other post-employment benefits were required to recognize their long-term obligation for pension and OPEB benefits as a liability on their accrual-based, government-wide statement of net position. This provides citizens and other users of these financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

The implementation of these standards clearly depicts the government's financial position. While this information will, in some cases, give the appearance that a government is financially weaker than it was previously, the financial reality of the government's situation will not have changed. Reporting the net pension liability and net OPEB liability on the face of the financial statements will more clearly portray the government's financial status because the pension and OPEB liabilities will be placed on an equal footing with other long-term obligations.

At June 30, 2021, the District reported a net pension liability of \$14,464,253 for its proportionate share of TRS's net pension liability and a net OPEB liability of \$14,398,175 for its proportionate share of the District's Other Post-Employment benefits other than pensions. At June 30, 2020, the District's net pension liability and OPEB liability was \$15,009,641 and \$17,914,906, respectively.

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

Revenues are generated primarily from the following three sources: property taxes, state-aid formula grants, and operating grants and contributions. When combined (\$62,691,053), these represented 96 percent of total revenues. The remaining \$32,826,698 or 4 percent was generated from charges for services, investment earnings, and miscellaneous revenues.

The primary functional expenses of the District were instruction, student support services (guidance, counseling, social work, health, transportation, and food services) and non-student services (facilities maintenance, security, and data processing services) which represented 84 percent of total expenses. The remaining functional expenses represent less than 10 percent each of the total expenditures.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

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

At June 30, 2021, the District's governmental funds reported combined ending fund balances of \$24,928,924, an increase of \$1,093,869 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,950,970 while total fund balance reached \$17,173,706. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As of June 30, 2021, these were 5% and 40%, respectively. Unassigned fund balance experienced a decrease of \$1,563,207 from the prior year, which was due primarily to funds being committed. Overall, total general fund balance decreased by \$144,521 during the current period.

The debt service fund has a total fund balance of \$7,131,084, all of which is reserved for the payment of debt service. The increase in the debt service fund balance during the current year was \$447,670, which resulted from additional revenues over regularly scheduled debt service requirements.

The capital projects fund had a total fund balance of zero, due to all construction projects coming to an end within the District. Through June 30, 2021, the District had net expenditures of \$995,839 on various construction projects and equipment acquisition.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget of the general fund can be briefly summarized as follows:

	<b>BUDGET</b>	
	<b>Original</b>	<b>Final</b>
Total revenues	\$ 42,801,702	\$ 43,331,590
Total expenditures	42,801,702	44,814,834
Other financing sources (uses)	-	-
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (1,483,244)</b>

The District adopted a balanced budget for fiscal year 2021. With updated information, the District amended its budget to reflect a deficit budget. Actual revenues for the general fund fell under budgetary estimates by approximately \$240,236, which was primarily related to local and federal revenue. Expenditures were less than budgetary estimates by approximately \$1.5 million. Overall, the general fund was under its final budget estimate by

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

approximately \$1,286,638, but overall fund balance in the general fund decreased by approximately \$145 thousand during the year.

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

The District's investment in capital assets for its governmental type activities as of June 30, 2020 includes land, buildings and improvements, and furniture and equipment. The investment in capital assets (capital outlays) increased during the current year by \$3,291,908. The following table summarizes the investment in capital assets as of June 30, 2021 and June 30, 2020.

	<u>2021</u>	<u>2020</u>
Land	\$ 2,983,429	\$ 2,983,429
Buildings and improvements	137,965,150	131,877,505
Furniture and equipment	22,996,742	21,024,990
Construction in progress	-	455,141
	<u>163,945,321</u>	<u>156,341,065</u>
Accumulated depreciation	<u>(72,625,103)</u>	<u>(68,312,755)</u>
<b>Net capital assets</b>	<u><u>\$ 91,320,218</u></u>	<u><u>\$ 88,028,310</u></u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

**Long-Term Liabilities**

As of June 30, 2021, the District had \$78,015,000 in bonded debt outstanding, a decrease of \$2,975,000 from the previous year. The District's Series 2015 Bonds carry a rating of "AAA/AA-" from Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("S&P") based on the Permanent School Fund Guarantee. The District's Series 2010, and Series 2016 Bonds carry a rating of "AAA" from S&P based on the Permanent School Fund Guarantee. All of the District's outstanding bonds have an underlying rating of "A1" and "AA-", respectively, from Moody's and S&P.

Changes in bonded debt outstanding for the year ended June 30, 2021 are as follows:

<u>7/1/2020</u>	<u>Issued</u>	<u>Retired</u>	<u>6/30/2021</u>
\$ 80,990,000	\$ -	\$ (2,975,000)	\$ 78,015,000

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

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

Indicators, both financial and non-financial, that will impact the District in the immediate future are:

- Student enrollment for 21-22 is projected to be slightly higher than previous year at 4,450. The district has experienced a steady increase since the beginning of the school year, August 2021.
- The 2020-2021 average daily attendance (ADA) totaled 4,342 students. The 2020-2021 average daily attendance percentage was 95.1%.
- The 2020-2021 refined average daily attendance was budgeted to be 4,300. For 2021-2022, the refined average daily attendance is budgeted to be 4,350.



**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

- Taxable values in the District have been capped at a 4.01% increase due to HB3. If taxable values exceed the value, the maximum compressed rate for TY 2021 will be decreased.
- The maintenance and operations tax rate for fiscal year 2020-2021 is \$0.9193, while the debt service rate is \$0.3623 for a total rate of \$1.2816, which is lower than the previous year.
- The district continues to maintain five campuses for instruction.

These indicators were taken into account when adopting the 2021-2022 general fund, interest and sinking fund (debt service) budgets. The Santa Fe Independent School District general fund adopted budget for 2021-2022 is as follows:

<b><u>General Fund Budget</u></b>	<b><u>Original</u></b>
Budgeted Revenues	\$ 44,132,873
Budgeted Expenditures	44,132,873
<b>Budget Surplus (Deficit)</b>	<b>\$ -</b>

The COVID-19 pandemic has affected all educational institutions in the nation and also the supply of goods and services to the district. The budget will need to be amended throughout the year to direct resources where appropriate to respond to any changing economic climates. The District is closely monitoring the financial implications of the downturn in the economy and will pursue all opportunities for federal reimbursement related to our current economic climate.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors of Santa Fe Independent School District with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Department at Santa Fe Independent School District, 4133 Warpath Drive, Santa Fe, TX 77510. You may also view previous year's financial reports on the District's website at [www.sfid.org](http://www.sfid.org).

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 22,912,048
1220 Property Taxes - Delinquent	3,227,576
1230 Allowance for Uncollectible Taxes	(1,100,400)
1240 Due from Other Governments	7,891,170
1250 Accrued Interest	7
1290 Other Receivables, Net	396,296
1300 Inventories	28,265
1410 Prepayments	1,498,869
Capital Assets:	
1510 Land	2,983,429
1520 Buildings, Net	83,497,130
1530 Furniture and Equipment, Net	4,839,659
1000 Total Assets	126,174,049
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	2,682,265
1705 Deferred Outflow Related to TRS Pension	6,215,636
1706 Deferred Outflow Related to TRS OPEB	4,885,047
1700 Total Deferred Outflows of Resources	13,782,948
<b>LIABILITIES</b>	
2110 Accounts Payable	860,593
2160 Accrued Wages Payable	4,068,018
2180 Due to Other Governments	558
2200 Accrued Expenses	67,933
2300 Unearned Revenue	2,818,355
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	4,455,531
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	82,713,788
2540 Net Pension Liability (District's Share)	14,464,253
2545 Net OPEB Liability (District's Share)	14,398,175
2000 Total Liabilities	123,847,204
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	2,514,986
2606 Deferred Inflow Related to TRS OPEB	10,547,085
2600 Total Deferred Inflows of Resources	13,062,071
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	8,226,596
Restricted:	
3820 Restricted for Federal and State Programs	624,134
3850 Restricted for Debt Service	6,385,949
3900 Unrestricted	(12,188,957)
3000 Total Net Position	\$ 3,047,722

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 27,234,588	\$ 356,435	\$ 4,080,621
12 Instructional Resources and Media Services	467,272	-	27,319
13 Curriculum and Instructional Staff Development	2,069,883	-	577,376
21 Instructional Leadership	433,513	-	25,185
23 School Leadership	2,630,230	-	183,537
31 Guidance, Counseling, and Evaluation Services	1,726,235	-	1,199,229
32 Social Work Services	104,841	-	2,237
33 Health Services	505,661	-	28,790
34 Student (Pupil) Transportation	2,918,025	-	197,712
35 Food Services	2,651,790	474,941	1,670,042
36 Extracurricular Activities	1,773,532	633,364	49,687
41 General Administration	2,385,278	-	174,907
51 Facilities Maintenance and Operations	7,567,041	53,614	699,263
52 Security and Monitoring Services	1,539,707	-	420,776
53 Data Processing Services	1,758,975	-	489,037
61 Community Services	208,000	-	44,124
72 Debt Service - Interest on Long-Term Debt	3,111,609	-	213,503
73 Debt Service - Bond Issuance Cost and Fees	3,250	-	-
81 Capital Outlay	-	-	-
93 Payments Related to Shared Services Arrangements	252,922	-	105,535
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 59,342,352</u>	<u>\$ 1,518,354</u>	<u>\$ 10,188,880</u>

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
NE	Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
5		6	
Capital Grants and Contributions		Governmental Activities	
\$	-	\$	(22,797,532)
	-		(439,953)
	-		(1,492,507)
	-		(408,328)
	-		(2,446,693)
	-		(527,006)
	-		(102,604)
	-		(476,871)
	-		(2,720,313)
	-		(506,807)
	-		(1,090,481)
	-		(2,210,371)
	-		(6,814,164)
	-		(1,118,931)
	-		(1,269,938)
	-		(163,876)
	-		(2,898,106)
	-		(3,250)
	6,756,546		6,756,546
	-		(147,387)
\$	<u>6,756,546</u>		<u>(40,878,572)</u>

16,827,369
6,623,933
22,294,325
1,164,963
40,194
<u>103,187</u>
<u>47,053,971</u>
6,175,399
<u>(3,127,677)</u>
<u>\$ 3,047,722</u>

SANTA FE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes	10 General Fund	Post-Disaster School Safety	50 Debt Service Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 12,449,809	\$ 522,971	\$ 7,425,097
1220 Property Taxes - Delinquent	2,483,480	-	744,096
1230 Allowance for Uncollectible Taxes	(846,700)	-	(253,700)
1240 Due from Other Governments	5,786,680	20,241	35,661
1250 Accrued Interest	7	-	-
1260 Due from Other Funds	3,994,141	-	-
1290 Other Receivables	204,224	185,258	-
1300 Inventories	-	-	-
1410 Prepayments	1,474,856	-	-
1000 Total Assets	<u>\$ 25,546,497</u>	<u>\$ 728,470</u>	<u>\$ 7,951,154</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 456,636	\$ 218,302	\$ -
2160 Accrued Wages Payable	3,776,721	-	-
2170 Due to Other Funds	-	505,600	-
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	67,933	-	-
2300 Unearned Revenue	2,434,721	4,568	329,674
2000 Total Liabilities	<u>6,736,011</u>	<u>728,470</u>	<u>329,674</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	1,636,780	-	490,396
2600 Total Deferred Inflows of Resources	<u>1,636,780</u>	<u>-</u>	<u>490,396</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
3430 Prepaid Items	1,474,096	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	-	7,131,084
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	13,748,640	-	-
3600 Unassigned Fund Balance	1,950,970	-	-
3000 Total Fund Balances	<u>17,173,706</u>	<u>-</u>	<u>7,131,084</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 25,546,497</u>	<u>\$ 728,470</u>	<u>\$ 7,951,154</u>

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

60 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 27,021	\$ 2,487,150	\$ 22,912,048
-	-	3,227,576
-	-	(1,100,400)
-	2,048,588	7,891,170
-	-	7
-	62,998	4,057,139
-	6,814	396,296
-	28,265	28,265
-	24,013	1,498,869
<u>\$ 27,021</u>	<u>\$ 4,657,828</u>	<u>\$ 38,910,970</u>
\$ -	\$ 183,794	\$ 858,732
-	291,297	4,068,018
27,021	3,508,653	4,041,274
-	558	558
-	-	67,933
-	49,392	2,818,355
<u>27,021</u>	<u>4,033,694</u>	<u>11,854,870</u>
-	-	2,127,176
-	-	2,127,176
-	28,265	28,265
-	24,012	1,498,108
-	(37,852)	(37,852)
-	-	7,131,084
-	25,294	25,294
-	584,415	14,333,055
-	-	1,950,970
-	624,134	24,928,924
<u>\$ 27,021</u>	<u>\$ 4,657,828</u>	<u>\$ 38,910,970</u>

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SANTA FE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2021

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 24,928,924</b>
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of these assets is \$163,945,321 and the accumulated depreciation is \$72,625,103. The effect of including the capital assets (net of depreciation) in the governmental activities is to increase net position. (See Note 6.)	91,320,218
2 Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period, and, therefore, are not reported as liabilities in the governmental funds. The effect of these long-term liabilities is a decrease to net position. (See Note 7.)	(87,169,319)
3 Recognizing deferred revenue (property taxes) as revenue in the government-wide statements to convert from modified accrual basis of accounting to the accrual basis of accounting. The net effect is an increase to net position.	2,127,176
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 in the amount of \$14,464,253, a deferred resource inflow related to TRS in the amount of \$2,514,986 and a deferred resource outflow related to TRS in the amount of \$6,215,636. The net effect of these pension related items is a decrease to net position. (See Note 11.)	(10,763,603)
5 The District uses internal service fund to charge the costs of the District's print shop. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect of this consolidation is to decrease net position.	(17,726)
6 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 in the amount of \$14,398,175, a deferred resource inflow related to TRS OPEB in the amount of \$10,547,085 and a deferred resource outflow related to TRS OPEB in the amount of \$4,885,047. The net effect of these pension related items is a decrease to net position. (See Note 9.)	(20,060,213)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include eliminating interfund transactions and recognizing the bond components associated with outstanding debt. Deferred charges on refundings are not financial resources and therefore, are not reported in governmental funds. Deferred charges are amortized over the life of the debt. The net effect is an increase to net position.	2,682,265
<b>19 Net Position of Governmental Activities</b>	<b>\$ <u>3,047,722</u></b>

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



SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	10 General Fund	Post-Disaster School Safety	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 17,448,789	\$ 97,164	\$ 6,625,967
5800 State Program Revenues	24,775,586	7,552,485	213,503
5900 Federal Program Revenues	866,979	-	-
5020 Total Revenues	43,091,354	7,649,649	6,839,470
EXPENDITURES:			
Current:			
0011 Instruction	22,149,206	275,667	-
0012 Instructional Resources and Media Services	413,083	-	-
0013 Curriculum and Instructional Staff Development	1,337,587	-	-
0021 Instructional Leadership	380,481	-	-
0023 School Leadership	2,315,636	-	-
0031 Guidance, Counseling, and Evaluation Services	1,194,094	42,632	-
0032 Social Work Services	96,542	-	-
0033 Health Services	448,434	-	-
0034 Student (Pupil) Transportation	2,582,525	659	-
0035 Food Services	86,478	-	-
0036 Extracurricular Activities	1,041,529	-	-
0041 General Administration	2,067,932	-	-
0051 Facilities Maintenance and Operations	6,678,817	7,576	-
0052 Security and Monitoring Services	1,016,926	72,173	-
0053 Data Processing Services	1,168,918	50,944	-
0061 Community Services	162,385	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	-	2,975,000
0072 Interest on Long-Term Debt	-	-	3,413,550
0073 Bond Issuance Cost and Fees	-	-	3,250
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	6,756,546	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	147,387	-	-
6030 Total Expenditures	43,287,960	7,206,197	6,391,800
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(196,606)	443,452	447,670
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	1,891,810	-	-
8911 Transfers Out (Use)	(1,839,725)	(443,452)	-
7080 Total Other Financing Sources (Uses)	52,085	(443,452)	-
1200 Net Change in Fund Balances	(144,521)	-	447,670
0100 Fund Balance - July 1 (Beginning)	17,318,227	-	6,683,414
3000 Fund Balance - June 30 (Ending)	\$ 17,173,706	\$ -	\$ 7,131,084

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

60 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,631	\$ 1,072,645	\$ 25,246,196
-	452,321	32,993,895
-	6,003,191	6,870,170
1,631	7,528,157	65,110,261
-	1,673,457	24,098,330
-	-	413,083
-	485,427	1,823,014
-	1,516	381,997
-	17,414	2,333,050
-	276,194	1,512,920
-	-	96,542
-	-	448,434
472,716	-	3,055,900
418,769	2,236,101	2,741,348
-	557,216	1,598,745
-	56,756	2,124,688
104,354	29,260	6,820,007
-	282,841	1,371,940
-	383,731	1,603,593
-	29,148	191,533
-	-	2,975,000
-	-	3,413,550
-	-	3,250
-	-	6,756,546
-	105,535	252,922
995,839	6,134,596	64,016,392
(994,208)	1,393,561	1,093,869
1,839,725	-	3,731,535
-	(1,448,358)	(3,731,535)
1,839,725	(1,448,358)	-
845,517	(54,797)	1,093,869
(845,517)	678,931	23,835,055
\$ -	\$ 624,134	\$ 24,928,924

SANTA FE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 1,093,869</b>
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the current year capital outlays is an increase to net position. (See Note 6.)	7,604,123
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.	(4,312,348)
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of premiums when debt is first issued, whereas this amount is deferred and amortized in the statement of activities. The net effect is to increase net position. (See Note 7.)	3,502,638
Changes in the District's proportionate share of the net pension liability, deferred outflows or resources, and deferred inflows of resources related to the Teacher Retirement System of Texas for the current year are not reported in governmental funds but are reported in the Statement of Activities. The net effect of all these changes is a decrease to net position.	(1,470,025)
Changes in the District's proportionate share of the net OPEB liability, deferred outflows or resources, and deferred inflows of resources related to the Texas Public Retired Employees Group Insurance Program (TRS-Care) for the current year are not reported in governmental funds but are reported in the Statement of Activities. The net effect of all these changes is an increase to net position.	22,324
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating inter-fund transactions, recognizing the net effect of retirement of capital assets, and recognizing the deferred charges associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(247,456)
The District uses an internal service fund to charge the costs of the District's printing services to appropriate functions in other funds. The net loss of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net position.	(17,726)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 6,175,399</b>

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	Governmental Activities -
	Internal Service Fund
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,861
Due to Other Funds	15,865
Total Liabilities	17,726
NET POSITION	
Unrestricted Net Position	(17,726)
Total Net Position	\$ (17,726)

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 76,350
State Program Revenues	2,407
Total Operating Revenues	78,757
OPERATING EXPENSES:	
Payroll Costs	30,958
Professional and Contracted Services	32,748
Supplies and Materials	32,777
Total Operating Expenses	96,483
Operating Income (Loss)	(17,726)
Total Net Position - July 1 (Beginning)	-
Total Net Position - June 30 (Ending)	\$ (17,726)

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 76,350
Cash Payments to Employees for Services	(28,551)
Cash Payments for Suppliers	(32,777)
Cash Payments for Other Operating Expenses	(30,887)
Net Cash Used for Operating Activities	(15,865)
Net Decrease in Cash and Cash Equivalents	(15,865)
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	\$ (15,865)
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (17,726)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	1,861
Net Cash Used for Operating Activities	\$ (15,865)

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2021

	Private Purpose Trust Fund	Total Custodial Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,666	\$ 52,827
Total Assets	<u>3,666</u>	<u>\$ 52,827</u>
<b>LIABILITIES</b>		
Accounts Payable	<u>-</u>	<u>1,607</u>
Total Liabilities	<u>-</u>	<u>1,607</u>
<b>NET POSITION</b>		
Restricted for Campus Activities	-	7,088
Restricted for Student Groups	<u>3,666</u>	<u>44,132</u>
Total Net Position	<u><u>\$ 3,666</u></u>	<u><u>\$ 51,220</u></u>

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Private Purpose Trust Fund	Total Custodial Funds
<b>ADDITIONS:</b>		
Enterprising Services Revenue	\$ -	\$ 24,068
Total Additions	<u>-</u>	<u>24,068</u>
<b>DEDUCTIONS:</b>		
Other Deductions	<u>-</u>	<u>32,254</u>
Total Deductions	<u>-</u>	<u>32,254</u>
Change in Fiduciary Net Position	-	(8,186)
 Total Net Position - July 1 (Beginning)	 <u>3,666</u>	 <u>59,406</u>
 Total Net Position - June 30 (Ending)	 <u><u>\$ 3,666</u></u>	 <u><u>\$ 51,220</u></u>

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



**SANTA FE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Santa Fe 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 U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 69, as amended by Statement on Auditing Standards No. 's 91 and 93* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

**Reporting entity** - The Board is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined by GASB Statement No. 61, *"The Financial Reporting Entity": Omnibus - an amendment of GASB Statements No. 14 and 34*. There are no component units or entities for which the District is considered financially accountable included within the reporting entity.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District's basic financial statements consist of government-wide statements and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements** – The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District as a whole. For the most part, the effect of interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program. *Program revenues* include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**Fund Financial Statements** – During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds, which are presented in separate columns. Nonmajor funds are aggregated and presented in a single column. Separate financial statements are provided for proprietary and fiduciary funds, which are excluded from the government-wide financial statements.

**Fund Accounting**

The District uses funds to maintain its financial records. A fund is defined as a fiscal accounting entity with a self-balancing set of accounts. There are two categories of funds utilized by the District: governmental and fiduciary.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance.

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The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in another fund are included here.
- The *post-disaster school safety fund* (PDSS) is a major special revenue fund to account for grant funds to a school district that experienced a school shooting resulting in one or more fatalities. Grant funds are restricted to necessary and appropriate post-disaster recovery expenditures approved by TEA.
- The *debt service fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.
- The *capital projects fund* is used to account for proceeds from the sale of voter-approved bonds and other resources to be used for the Board authorized acquisition, construction, and renovations of major capital facilities as well as providing their furnishings and equipment. Upon completion of a bond project, any unspent proceeds are transferred to the debt service fund to retire related bond principal.
- Nonmajor governmental funds account for grants and other resources of the District whose uses are restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified project periods. With respect to the food service and campus activity funds, funds are rolled over from year to year for use in the program.

**Proprietary Funds**

The *internal service fund* is used to account for transactions related to print shop services provided to its schools and operating departments. This fund is designed to be self-supporting.

**Fiduciary Funds**

The *private purpose trust fund* is used to account for donations of scholarship funds received by the District for awards to current and former students for post-secondary education purposes.

The District utilizes the *custodial fund* to account for the resources of student groups and other campus organizations received by the District in a custodial capacity that do not constitute District property.

**Measurement Focus**

**Government-Wide Financial Statements** - The government-wide financial statements are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*, as are proprietary and fiduciary fund financial statements. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

**Fund Financial Statements** - Governmental fund financial statements are prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets and deferred outflows of resources, current liabilities and deferred inflows of resources, and fund balances are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

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Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

**Revenues – Exchange and Non-exchange Transactions**

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year end.

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

On the modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized. Tax revenues are considered available when collected.

**Unearned Revenues**

Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied.

Property taxes for which there is an enforceable legal claim as of January 1, but which were levied to finance fiscal year 2021 operations, are recorded as deferred inflows of resources in the fund financial statements. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue in both the government-wide and fund financial statements.

In governmental fund financial statements, receivables that will not be collected within the available period are reported as unearned revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on the decrease in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which

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the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

**Budgetary Data**

The Board adopts an “appropriated budget” for the General Fund, Debt Service Fund and the Child Nutrition Fund (which is included in the Special Revenue Funds). The District compares the final amended budget to actual revenues and expenditures. The Budgetary Comparison Schedules appear in Exhibits F-1, H-2, and H-3.

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

- a) Prior to June 20, the District prepares an operating budget for the next succeeding fiscal year beginning July 1. The 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. At least ten day’s public notice of the meeting must be given.
- c) Prior to July 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 the fiscal year end.
- d) 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.
- e) Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year’s budget.

**Deposits and Investments**

Under Texas state law, a bank serving as the school depository must have a bond, or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, in an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

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

Investments in local government investment pools are valued and recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. Investments with maturities of 12 months or less at the date of purchase are held at amortized cost and net asset value (NAV). Investments with maturities exceeding 12 months at the date of purchase are stated at fair value based on quoted market prices at year-end date.

The District categorizes fair value measurements of its investments based on the hierarchy established by GAAP. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2: Inputs to the valuation methodology are quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly.

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Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. At June 30, 2021, the District had no investments subject to fair value measurement.

**Interfund Assets/Liabilities**

In the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from/(to) other funds". Interfund balances within governmental activities are eliminated on the government-wide statement of net position. See Note 5 for additional discussion of interfund receivables and payables.

**Capital Assets**

Capital assets, which include land, buildings and improvements, and furniture and equipment are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives: (See Note 6.)

<u>Assets</u>	<u>Years</u>
Buildings and improvements	9-30
Furniture and equipment	5-10

**Prepayments (i.e., Deferred Expenditures/Expenses)**

Certain payments to vendors reflect costs applicable to the next fiscal period and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method and are recognized as expenditures/expenses proportionately over the periods in which the services are provided.

**Long-Term Obligations**

The District's long-term obligations consist of bonded indebtedness and compensated absences. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest rate 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, during the current period. The face amount of debt issued is reported as other financing sources. Premiums (net of discounts) received on debt issuances are reported as other financing sources (or uses). Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for compensated absences are accounted for in the general fund.

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**Deferred Outflows/Inflows of Resources**

Deferred outflows and inflows of resources are reported in the statement of net position and balance sheet as described below:

*A deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred outflow of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflow of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflow of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

*A deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflow of resources for pension – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.
- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life of all members.

**Compensated Absences**

Compensated absences are absences for which employees will be paid, such as sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the

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benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported as long-term liabilities on the statement of net position.

Because District employees' contracts are based on the number of days worked, vacation benefits are not applicable for paraprofessionals and professionals. Manual trades employees are eligible for vacation but vacation days do not accumulate or vest.

Upon retirement, eligible full-time employees of the District can be paid benefits from accumulated "state personal leave" days. To be compensated for such days, the employee must meet Teacher Retirement System guidelines, and the vested state personal leave days will be paid at the employee's current daily rate. Qualifying employees may be paid for up to fifty full days of state personal leave. The liability for accrued, vested amounts is reported in the Statement of Net Position (Exhibit A-1). (See Note 7.)

### **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**

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

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The classifications used in the government-wide financial statements are as follows:

- *Net investment in capital assets* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- *Restricted net position* – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.
- *Unrestricted net position* – This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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**Fund Balance**

Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. (Inventories and Prepaid Items are considered *Nonspendable* as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.)
- *Restricted* – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – includes amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution or ordinance. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed 100% of Fund 461 Campus Activity Funds' fund balance.
- *Assigned* – includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Superintendent or Chief Financial Officer through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the *general fund*.
- *Unassigned* – includes the residual fund balance for amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the *general fund*. The *Unassigned* classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of *Assigned* fund balance amounts.

The Board has adopted a Reserve for Operations designated fund balance in order to provide for a stable fund balance reserve. The Reserve for Operations shall be accounted for in the Committed Fund Balance and shall maintain a balance equal to 25% of the appropriations of the General Fund Operations Budget.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**Use of Estimates**

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

The amount of state foundation revenue a school district earns for a year, can and does vary until the time when final values for each of the factors in the funding formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimate as of June 30 will change



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and those changes could be material. The District receives approximately 50% of total governmental revenues from the State of Texas.

**Data Control Codes**

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

**3. DEPOSITS AND INVESTMENTS**

A summary of the District's cash and investments at June 30, 2021 are shown below:

	Cash and Deposits	Investment Pools	Total Cash & Cash Equivalents
Governmental funds:			
General fund	\$ 8,964,712	\$ 3,485,097	\$ 12,449,809
PDSS fund	480,422	42,549	522,971
Debt service fund	1,647,767	5,777,330	7,425,097
Capital projects fund	18,591	8,430	27,021
Nonmajor governmental funds	745,412	1,741,738	2,487,150
Total governmental funds	11,856,904	11,055,144	22,912,048
Proprietary Funds	-	-	-
Fiduciary funds	44,206	12,287	56,493
Total cash and investments	\$ 11,901,110	\$ 11,067,431	\$ 22,968,541

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities that comply with state law and these securities are held for safekeeping and trust with the depository bank's agent bank. The pledged securities are approved by the TEA and shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. Alternatively, the depository bank may collateralize deposits with an irrevocable letter of credit in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract.

At June 30, 2021, the carrying amount of the District's deposits (cash) was \$11,901,110 and the bank balance was \$12,555,361. The District's cash deposits at June 30, 2021 were entirely covered by FDIC insurance, by pledged collateral held by the depository bank's agent bank in the District's name.

The Public Funds Investment Act (Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) securities lending programs, (6) repurchase agreements, (7) bankers acceptances, (8) mutual funds, (9) investment pools, and (10) guaranteed investment contracts.

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As of June 30, 2021, the District had the following investments:

Investment Type:	Rating	Value at June 30, 2021	Fair Value Measurements Using:			Percent of Portfolio	WAM (Days/Years)
			(Level 1)	(Level 2)	(Level 3)		
Cash in Bank		\$ 11,901,110				52%	
<i>Cash equivalents measured at amortized costs:</i>							
LoneStar	AAA	10,610,248				46%	< 365 days
TexasTERM (daily)	AAAm	291,294				1%	< 365 days
TexasCLASS	AAAm	165,889				1%	< 365 days
Cash and cash equivalents - subtotal		22,968,541					
Total cash & investments		\$ 22,968,541	\$ -	\$ -	\$ -	100%	

Texas Term (Local Government Investment Pool), Lone Star (Lone Star Investment Pool), and Texas Cooperative Liquid Assets Securities System ("Texas Class") are local government investment "pools" organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Texas Term, Lone Star, and Texas Class are reported at amortized cost. Deposits and withdrawals can be made on any business day of the week. The pools have a redemption notice of one day, which may be redeemed daily. The pools may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the pools liquidity. There are no limits on the number of accounts a participant can have or the number of transactions. The District has no unfunded commitments related to the pools.

The District's management believes that it has compiled with the requirements of the Act and with local policies.

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

- 1) **Credit Risk** – State law and the District's investment policy limit investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The credit quality ratings for the District's investments were in compliance with the Act. At year end, the District was not significantly exposed to credit risk.
- 2) **Custodial Credit Risk** – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

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

- 3) **Concentration of Credit Risk** – The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer. At year end, the District was not exposed to concentration of credit risk.

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- 4) **Interest Rate Risk** – The risk that changes in interest rates may adversely affect the value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the District's investment in external investment pools is less than 60 days. In addition, the District shall not directly invest in an individual security maturing more than twelve months from the date of purchase. At year end, the District was not significantly exposed to interest rate risk.

#### 4. RECEIVABLES

Receivables as of year-end for the District's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	PDSS Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 1,453,946	\$ -	\$ 488,664	\$ -	\$ -	\$ 1,942,610
Property taxes - penalty & interest	1,029,534	-	255,432	-	-	1,284,966
Subtotal - property taxes	2,483,480	-	744,096	-	-	3,227,576
Due from other governments-federal	10,243	-	-	-	-	10,243
Due from other governments-state	5,752,800	20,241	35,661	-	2,048,588	7,857,290
Due from other governments-other	23,637	-	-	-	-	23,637
Subtotal - due from other governments	5,786,680	20,241	35,661	-	2,048,588	7,891,170
Other receivables	204,224	185,258	-	-	6,814	396,296
Gross receivables	8,474,384	205,499	779,757	-	2,055,402	11,515,042
Less: allowance for uncollectibles	(846,700)	-	(253,700)	-	-	(1,100,400)
Net total receivables	\$ 7,627,684	\$ 205,499	\$ 526,057	\$ -	\$ 2,055,402	\$ 10,414,642

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 June 30, 2021 are summarized above. All federal grants shown above are passed through the TEA and are reported in the financial statements as Due from Other Governments.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenues reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Delinquent property taxes (General Fund)	\$ 1,636,780	\$ -	\$ 1,636,780
Delinquent property taxes (Debt Service Fund)	490,396	-	490,396
Funds received prior to meeting all eligibility requirements:			
(General Fund)	-	2,434,721	2,434,721
(Debt Service Fund)	-	329,674	329,674
(PDSS Fund)	-	4,568	4,568
(Nonmajor Governmental Funds)	-	49,392	49,392
Total unearned revenue	\$ 2,127,176	\$ 2,818,355	\$ 4,945,531

#### Property Taxes

The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessed value of the property tax roll, upon which the levy for the 2020-2021 fiscal year was based, was \$1,811 million.

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The tax rates assessed for the year ended June 30, 2021, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.9193 and \$.3623 per \$100 valuation, respectively, for a total of \$1.2816 per \$100 valuation.

Current tax collections for the year ended June 30, 2021 were 96% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. The property taxes receivable allowance is equal to approximately 34% of outstanding property taxes receivables at June 30, 2021. A significant portion of delinquent taxes outstanding at any fiscal year end is generally not collected in the ensuing fiscal year. Uncollectible personal property taxes are periodically reviewed and written off. Under Sec. 3305 of the Texas Property Code, the District can cancel and remove from the delinquent tax roll, tax on real property that has been delinquent for more than 20 years or tax on personal property that has been delinquent for more than 10 years if there is no pending litigation concerning the delinquent taxes at the time of cancellation and removal.

**5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund balances consist of short-term lending/borrowing arrangements between two or more governmental funds. The composition of interfund balances as of June 30, 2021 is as follows:

Fund	Receivable	Payable
General Fund:		
Nonmajor Governmental Funds	\$ 3,445,655	\$ -
PDSS Fund	505,600	-
Capital Projects Fund	27,021	-
Internal Service Fund	15,865	-
PDSS Fund:		
General Fund	\$ -	\$ 505,600
Capital Projects Fund:		
General Fund	\$ -	\$ 27,021
Internal Service Funds:		
General Fund	\$ -	\$ 15,865
Nonmajor Governmental Funds:		
General Fund	\$ -	\$ 3,445,655
Nonmajor Governmental Funds	62,998	62,998
	<u>\$ 4,057,139</u>	<u>\$ 4,057,139</u>

District activities in the Nonmajor Governmental Funds (Special Revenue Funds) include expenditures paid from a centralized-pooled operating bank account maintained in the General Fund. Since all cash transactions flow through this account, each fund carries a receivable/payable balance with the General Fund. This balance will be repaid within one year.

Interfund transfers in the fund financial statements at June 30, 2021, consisted of the following:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 1,839,725
PDSS Fund	General Fund	443,452
Nonmajor Governmental Funds	General Fund	1,448,358
		<u>\$ 1,891,810</u>

The District transferred \$1,839,725 from the general fund to the capital projects fund to cover various construction related projects.

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In addition, the District transferred \$1,448,358 from the nonmajor governmental fund and \$443,452 from the PDSS fund to reimburse expenditures paid in the general fund.

**6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,983,429	\$ -	\$ -	\$ -	\$ 2,983,429
Construction in progress	455,141	-	-	(455,141)	-
Total Capital Assets, not depreciated	3,438,570	-	-	(455,141)	2,983,429
Capital assets, being depreciated:					
Buildings and improvements	131,877,505	6,488,146	-	(400,501)	137,965,150
Furniture and equipment	21,024,990	1,116,110	-	855,642	22,996,742
Total Capital Assets, being depreciated	152,902,495	7,604,256	-	455,141	160,961,892
Less accumulated depreciation for:					
Buildings and improvements	(51,092,885)	(3,375,135)	-	-	(54,468,020)
Furniture and equipment	(17,219,870)	(937,213)	-	-	(18,157,083)
Total accumulated depreciation	(68,312,755)	(4,312,348)	-	-	(72,625,103)
Capital assets, net	<u>\$ 88,028,310</u>	<u>\$ 3,291,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,320,218</u>

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$ 2,047,853
12 Instructional resources and media services	35,510
13 Curriculum and instructional staff development	156,711
21 Instructional leadership	32,837
23 School leadership	200,555
31 Guidance, counseling, & evaluation services	126,390
32 Social work services	8,299
33 Health services	38,548
34 Student (pupil) transportation	262,636
35 Food services	235,653
36 Extracurricular activities	137,432
41 General administration	182,643
51 Facilities maintenance and operations	585,613
52 Security and monitoring services	111,731
53 Data processing services	133,470
61 Community services	16,467
Total depreciation expense - governmental activities	<u>\$ 4,312,348</u>

**7. LONG-TERM LIABILITIES**

**General Obligation Bonds**

The District issues general obligation bonds for governmental activities to provide resources for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Principal and interest requirements are payable solely from future revenues of the debt service fund which consists primarily of property taxes collected by the District and interest earnings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indentures. The District has never defaulted on any principal or interest payment.

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State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the District is \$174,723,309. The District's outstanding debt of \$78,490,000 less the reserve for the retirement of the debt of \$7,131,084 totals \$85,621,084 leaving a legal debt margin of \$89,102,225.

There are a number of limitations and restrictions contained in the general obligation debt indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of June 30, 2021.

Bonded debt as of June 30, 2021 is as follows:

Description	Interest Rate Payable	Maturity Date	Original Issue	Outstanding
Unlimited tax qualified school construction bonds, taxable series 2010	0%	2/15/26	7,100,000	\$ 2,375,000
Unlimited tax refunding bonds, series 2015	4.0%-5.0%	2/15/34	7,780,000	7,780,000
Unlimited tax refunding bonds, series 2016	3.00%	2/15/34	33,730,000	29,865,000
Unlimited tax school building bonds, series 2017	2.0%-5.0%	2/15/42	32,985,000	30,840,000
Unlimited tax refunding bonds, series 2018	3.0%-4.0%	2/15/34	8,520,000	7,155,000
				<u>\$ 78,015,000</u>

The District's long-term liabilities consist of bond indebtedness and compensated absences. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for compensated absences are accounted for in the general fund. Changes in long-term liabilities for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<b>Bonds payable:</b>					
Unlimited tax qualified school construction bonds, taxable series 2010	\$ 2,850,000	\$ -	\$ (475,000)	\$ 2,375,000	\$ 475,000
Unlimited tax refunding bonds, series 2015	7,780,000	-	-	7,780,000	-
Unlimited tax refunding bonds, series 2016	32,055,000	-	(2,190,000)	29,865,000	2,305,000
Unlimited tax school building bonds, series 2017	31,125,000	-	(285,000)	30,840,000	415,000
Unlimited tax refunding bonds, series 2018	7,180,000	-	(25,000)	7,155,000	25,000
	<u>80,990,000</u>	<u>-</u>	<u>(2,975,000)</u>	<u>78,015,000</u>	<u>3,220,000</u>
<b>Deferred amounts:</b>					
Accrued interest	1,172,757	62,774	-	1,235,531	1,235,531
Premium on issuance of bonds	8,567,928	-	(609,242)	7,958,686	-
Discount on issuance of bonds	(207,370)	-	9,571	(197,799)	-
	<u>90,523,315</u>	<u>62,774</u>	<u>(3,574,671)</u>	<u>87,011,418</u>	<u>4,455,531</u>
<b>Other liabilities:</b>					
Net Pension Liability	15,009,641	568,917	(1,114,305)	14,464,253	-
Net OPEB Liability	17,914,906	(3,228,851)	(287,880)	14,398,175	-
Compensated absences	148,642	-	9,259	157,901	-
Total other liabilities	<u>33,073,189</u>	<u>(2,659,934)</u>	<u>(1,392,926)</u>	<u>29,020,329</u>	<u>-</u>
<b>Governmental activities long-term liabilities</b>	<u>\$ 123,596,504</u>	<u>\$ (2,597,160)</u>	<u>\$ (4,967,597)</u>	<u>\$ 116,031,747</u>	<u>\$ 4,455,531</u>

### Deceased Debt

The District has defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2021, no bonds outstanding were considered defeased.

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Debt service requirements to maturity are as follows:

June 30	Principal	Interest	Requirements
2022	\$ 3,220,000	\$ 3,294,750	\$ 6,514,750
2023	3,200,000	3,166,300	6,366,300
2024	3,575,000	3,036,150	6,611,150
2025	3,720,000	2,892,150	6,612,150
2026	3,875,000	2,742,050	6,617,050
2027-2031	21,900,000	11,228,500	33,128,500
2032-2036	20,535,000	6,369,600	26,904,600
2037-2041	14,680,000	2,518,813	17,198,813
2042	3,310,000	124,124	3,434,124
	<u>\$ 78,015,000</u>	<u>\$ 35,372,437</u>	<u>\$ 113,387,437</u>

**Arbitrage**

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. The District has estimated that it has no arbitrage liability as of June 30, 2021.

**8. OPERATING LEASE**

At June 30, 2021, the District had no significant operating leases. Total rental expense under all operating leases for the year ended June 30, 2021 was approximately \$124,342.

**9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB)**

*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 OPEB plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

*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.texas.gov/Pages/about\\_publications.aspx](http://www.trs.texas.gov/Pages/about_publications.aspx); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

<b>Net OPEB Liability</b>	
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 percentage of Total OPEB Liability	4.99%

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

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

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

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

\*or surviving spouse

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% 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 .25% or not more than .75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

	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%
2021 Employer Contributions		\$ 276,264
2021 Member Contributions		\$ 207,696
2020 NECE On-Behalf Contributions		\$ 386,836

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

House Bill 1 passed and provided TRS care supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230,756,971. For the fiscal year 2021, the District's proportionate share of \$77,794 is reported in the fund level financial statements as an on-behalf contribution as required by GASB 85 and determined using GASB 75 TRS-Care proportionate share allocation.



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The State's on-behalf contribution is recorded as revenues and expenditures/expenses in the financial statements.

*Actuarial Assumptions.* The actuarial valuation was performed as of August 31, 2019. Updated 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 the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

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

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

*Additional Actuarial Methods and Assumptions:*

Valuation Date	August 31, 2019, rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases *	3.05% to 9.05%*
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
*Includes inflation at 2.30%	

*Discount Rate.* A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of .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 projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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*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 (2.33%) in measuring the Net OPEB Liability:

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of the net OPEB liability	\$ 17,277,777	\$ 14,398,175	\$ 12,123,702

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.* At June 30, 2021, the District reported a liability of \$14,398,175 for its proportionate share of the TRS' 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	\$ 14,398,175
State's proportionate share that is associated with the District	19,347,696
Total	<u>\$ 33,745,871</u>

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The 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.

For the fiscal years ended June 30, 2021 and 2020, the District's proportion of the collective Net OPEB Liability was as follows:

2021	2020	
Measurement Year	Measurement Year	
8/31/2020	8/31/2019	Increase/(Decrease)
0.0378754653%	0.0378820931%	-0.0000066278%

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability	\$ 11,761,464	\$ 14,398,175	\$ 17,909,901

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

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the TOL.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change decreased the TOL.
- The ultimate health care trend rate 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.

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For the year ended June 30, 2021, the District recognized OPEB expense of \$15,574,888 and revenue of \$(134,343) for support provided by the State.

At June 30, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 753,883	\$ 6,589,341
Changes in Actuarial Assumptions	888,068	3,953,813
Net Difference Between Projected and Actual Investment Earnings	4,679	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	3,007,370	3,931
District Contributions Paid to TRS Subsequent to the Measurement Date	231,047	-
Total	<u>\$ 4,885,047</u>	<u>\$ 10,547,085</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:

Year Ended June 30:	OPEB Expense Amount
2022	\$ (1,023,040)
2023	(1,023,665)
2024	(1,024,023)
2025	(1,023,927)
2026	(639,348)
Thereafter	(1,159,082)
	<u>\$ (5,893,085)</u>

#### **10. MEDICARE PART D ON-BEHALF PAYMENTS**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2021, 2020, and 2019, the subsidy payments received by TRS-Care on-behalf of the District were \$147,578, \$155,868, and \$111,653, respectively. These payments are recorded as equal revenues and expenditures/expenses in the financial statements.

#### **11. DEFINED BENEFIT PENSION PLAN**

*Plan Description.* The District participates in the TRS, a cost-sharing multiple employer defined benefit pension plan that has a special funding situation. The pension plan is administered by 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 plan 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 plan'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 pension plan.

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*Pension Plan Fiduciary Net Position.* Detailed information about the TRS' fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://trs.texas.gov/Pages/about\\_publications.aspx](https://trs.texas.gov/Pages/about_publications.aspx); by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698, or by calling (512) 542-6592.

Components of the net pension liability of the pension plan are as of August 31, 2020 are as follows:

<b>Net Pension Liability</b>	<b>Total</b>
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 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. (Members who are grandfathered use the three highest annual salaries). 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 or exceeds 80 years. Early retirement is at age 55 with 5 years of service credit or any age below 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 above.

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

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

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

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

	<b>Contribution Rates</b>	
	<b>2020</b>	<b>2021</b>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Employer Contributions		\$ 1,095,396
Member Contributions		\$ 2,520,188
NECE On-Behalf Contributions		\$ 1,753,520

Contributors to the pension plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). The State's on-behalf contribution is recorded as revenues and expenditures/expenses in the financial statements.

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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*Actuarial Assumptions.* The total pension plan liability in the August 31, 2019 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
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Municipal Bond Rate* as of August 2020	2.33*
Last year ending August 31 in Projection Period (100 years)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc Post-employment Benefit Changes	None

\*Source: Fixed Income market data/yield curve/data municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

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

*Discount Rate.* The single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% 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 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are summarized below:

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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 <sup>1</sup>	Long-Term Expected Arithmetic Real Rate of Return <sup>2</sup>	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0%	3.9%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.9%
Emerging Markets	9.0%	5.6%	0.8%
Private Equity	14.0%	6.7%	1.4%
Stable Value			
Government Bonds	16.0%	-0.7%	-0.1%
Stable Value Hedge Funds	5.0%	1.9%	0.1%
Real Return			
Real Estate	15.0%	4.6%	1.0%
Energy, Natural Resources and Infrastructure	6.0%	6.0%	0.4%
Risk Parity			
Risk Parity	8.0%	3.0%	0.30%
Leverage			
Cash	2.0%	-1.5%	0.0%
Asset Allocation Leverage	-6.0%	-1.3%	0.1%
Inflation Expectation			2.0%
Volatility Drag <sup>3</sup>			-0.7%
Total	100%		7.33%

<sup>1</sup> Target allocations are based on the FY2020 policy model.

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

<sup>3</sup> 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 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	\$ 22,303,619	\$ 14,464,253	\$ 8,094,940

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2021, the District reported a net pension liability of \$14,464,253 for its proportionate share of the TRS' 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	\$ 14,464,253
State's proportionate share that is associated with the District	22,761,633
Total	<u>\$ 37,225,886</u>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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 through August 31, 2020.

**SANTA FE INDEPENDENT SCHOOL DISTRICT**  
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For the fiscal years ended June 30, 2021 and 2020, the District's proportion of the collective Net Pension Liability was as follows:

2021	2020	
Measurement Year	Measurement Year	
8/31/2020	8/31/2019	Increase/(Decrease)
0.0270067286%	0.0288740629%	-0.0018673343%

*Changes Since the Prior Actuarial Valuation.*

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

For the year ended June 30, 2021, the District recognized pension expense of \$5,110,095 and revenue of \$2,737,719 for support provided by the State in the government-wide financial statements.

At June 30, 2021, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 26,411	\$ 403,659
Changes in Actuarial Assumptions	3,356,221	1,427,042
Difference Between Projected and Actual Investment Earnings	292,817	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	1,637,836	684,285
Contributions Paid to TRS Subsequent to the Measurement Date (Calculated by District)	902,351	-
Total	<u>\$ 6,215,636</u>	<u>\$2,514,986</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:

Year Ended June 30:	Pension Expense Amount
2022	\$ 846,204
2023	973,475
2024	894,960
2025	322,701
2026	(197,306)
Thereafter	(41,735)
	<u>\$ 2,798,299</u>

## 12. OTHER POST EMPLOYMENT BENEFITS

The District does not provide post employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA) and TRS-Care described above (Note 9). The requirements established by COBRA are fully funded by former employees who elect coverage under the Act, and no direct costs are incurred by the District.



**SANTA FE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**13. RISK MANAGEMENT**

**General**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; unemployment; injuries to employees; and natural disasters. During the year ended June 30, 2021, the District purchased commercial insurance for claims related to all risks. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

**Health Insurance**

The District participates in the Teacher Retirement System of Texas Active Care health care coverage program. This program is a statewide program for public education employees established by the 77<sup>th</sup> Texas Legislature.

**Workers' Compensation**

In prior years, the District participated in a public entity risk pool for workers' compensation benefits, which was self-funded from accumulated assets and was provided directly from the District. All claims were submitted, processed, and approved by a third party administrator acting as agent for the District. The plan was documented by contractual agreement.

During its participation in the self-funded plan, the District was protected against unanticipated catastrophic individual loss by stop-loss coverage carried through a commercial insurer or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage in effect was for annual individual claims exceeding \$225,000.

The accrued liability for Workers' Compensation self-insurance of \$22,852 includes an estimate for claims incurred but not reported. This liability, reported in the general fund as of June 30, 2021, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not necessarily result in an exact amount. Accrued liability for the workers' compensation fund represents unpaid claims and expenses on previously filed claims.

The following is a summary of the change in the balance of claims liabilities for workers' compensation for the year ended June 30, 2021 and June 30, 2020, respectively:

	<u>2021</u>	<u>2020</u>
Unpaid claims, beginning of the year	\$ 30,422	\$ 43,451
Incurred claims (including IBNR's)	(6,655)	(11,406)
Claim payments	<u>(915)</u>	<u>(1,623)</u>
Unpaid claims, end of the year	<u>\$ 22,852</u>	<u>\$ 30,422</u>

The District purchased workers' compensation coverage through Deep East Texas Self Insurance Fund (the Fund), a public entity risk pool, which is self-sustained through member contributions. The Fund reinsures to statutory limits through commercial companies for claims in excess of \$1,000,000 for years 2020-2021. The Fund contracts with independent actuaries to determine the adequacy of reserves and fully funds those reserves.

The members of Deep East Texas Self Insurance Fund have no known premium liabilities for workers' compensation coverage in excess of their contracted annual premium. However, if the assets of the Fund were to be exhausted, members would be liable for their portion of the Fund's liabilities. This would indicate that members would be contingently liable for the portion of the liability applicable to their political entity. Independent auditors conduct a financial audit at the close of each plan year and as of the most recent audit, the Fund has adequate assets to more than cover more than 100% of all liabilities.

**SANTA FE INDEPENDENT SCHOOL DISTRICT**  
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**Unemployment**

During the year ended June 30, 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 June 30, 2021, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31 (or June 30). The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**14. CONTINGENT LIABILITIES**

The District is a party to various legal actions none of which is believed by the Administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements for contingencies.

The District participates in numerous State and Federal grant programs that 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 collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

**15. ENCUMBRANCES AND COMMITMENTS**

At June 30, 2021, the District had no commitments under construction contracts.

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executory contracts), and are used to control expenditures for the year and to enhance cash management. A school district often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate accounts are checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes.

Prior to the end of the year, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at year end, the school district likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, outstanding encumbrances are not considered expenditures for the fiscal year, only a commitment to expend resources. If the school district allows encumbrances to lapse, even though it plans to honor encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually reappropriated in the following year's budget. Open encumbrances at fiscal year end are included in restricted, committed, or assigned fund balance, as appropriate. The District had no outstanding encumbrances at year end.

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**16. RELATED ORGANIZATIONS**

The Santa Fe Texas Education Foundation, Inc. ("Foundation"), a non-profit entity which was organized in 2010 to provide funds for District education programs, is a "related organization" as defined by GASB Statement No. 61. The members of the Board of Directors of the Foundation serve without financial compensation. The operations of the Foundation are not financially significant to the overall operations to the District, and therefore are not reported in the District's financial statements.

**17. EXCESS EXPENDITURES OVER APPROPRIATIONS**

The TEA requires the budgets for the General, Child Nutrition Programs, and Debt Service Funds to be filed with the TEA. The budget should not be exceeded in any functional category under TEA requirements. For the year ended June 30, 2021, expenditures exceeded appropriations in the following functional categories:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	93-Payments to Fiscal Agent/Member Districts of SSA	\$ 61,184	\$ 147,387	\$ (86,203)

**18. DEFICIT NET POSITION AND FUND BALANCE**

At June 30, 2021, the District reported a deficit balance of \$17,726 in the proprietary fund statements. The deficit was caused by start-up expenses related to its print shop function. This deficit is ultimately covered by the general fund.

**19. COVID-19 PANDEMIC IMPACTS**

A novel strain of coronavirus (COVID-19) was spread to the United States of America in January and February 2020. In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our students, employees, and vendors all of which are uncertain and cannot be predicted.

While this school year has created unique challenges, the financial position of the District has remained stable. As of the date of these financial statements, COVID-19 had not materially affected results of operations in 2021. However, the impact of response efforts on future operations are unknown and cannot be predicted.

**20. SUBSEQUENT EVENTS**

In preparing the financial statements, the District has evaluated subsequent events through November 12, 2021, the date the financials were available to be issued. The District is not aware of any events that have occurred subsequent to the statement of financial position date that would require adjustment to, or disclosure in, the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 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	\$ 17,482,780	\$ 17,699,565	\$ 17,448,789	\$ (250,776)
5800 State Program Revenues	24,326,422	24,458,422	24,775,586	317,164
5900 Federal Program Revenues	992,500	1,173,603	866,979	(306,624)
5020 Total Revenues	42,801,702	43,331,590	43,091,354	(240,236)
EXPENDITURES:				
Current:				
0011 Instruction	22,555,047	22,166,366	22,149,206	17,160
0012 Instructional Resources and Media Services	396,335	422,512	413,083	9,429
0013 Curriculum and Instructional Staff Development	1,168,362	1,340,237	1,337,587	2,650
0021 Instructional Leadership	452,333	392,333	380,481	11,852
0023 School Leadership	2,319,715	2,318,536	2,315,636	2,900
0031 Guidance, Counseling, and Evaluation Services	1,100,560	1,194,935	1,194,094	841
0032 Social Work Services	68,003	100,503	96,542	3,961
0033 Health Services	424,154	449,154	448,434	720
0034 Student (Pupil) Transportation	2,431,386	2,904,102	2,582,525	321,577
0035 Food Services	91,888	116,888	86,478	30,410
0036 Extracurricular Activities	1,179,889	1,145,949	1,041,529	104,420
0041 General Administration	2,118,946	2,118,946	2,067,932	51,014
0051 Facilities Maintenance and Operations	6,688,919	7,368,283	6,678,817	689,466
0052 Security and Monitoring Services	668,156	1,083,156	1,016,926	66,230
0053 Data Processing Services	911,970	1,466,895	1,168,918	297,977
0061 Community Services	164,855	164,855	162,385	2,470
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	61,184	61,184	147,387	(86,203)
6030 Total Expenditures	42,801,702	44,814,834	43,287,960	1,526,874
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,483,244)	(196,606)	1,286,638
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	1,891,810	1,891,810
8911 Transfers Out (Use)	-	(1,839,725)	(1,839,725)	-
7080 Total Other Financing Sources (Uses)	-	(1,839,725)	52,085	1,891,810
1200 Net Change in Fund Balances	-	(3,322,969)	(144,521)	3,178,448
0100 Fund Balance - July 1 (Beginning)	17,318,227	17,318,227	17,318,227	-
3000 Fund Balance - June 30 (Ending)	\$ 17,318,227	\$ 13,995,258	\$ 17,173,706	\$ 3,178,448

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - POST-DISASTER SCHOOL SAFETY FUND  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 97,164	\$ 97,164
5800 State Program Revenues	-	-	7,552,485	7,552,485
5020 Total Revenues	-	-	7,649,649	7,649,649
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	-	-	275,667	(275,667)
0031 Guidance, Counseling, and Evaluation Services	-	-	42,632	(42,632)
0034 Student (Pupil) Transportation	-	-	659	(659)
0051 Facilities Maintenance and Operations	-	-	7,576	(7,576)
0052 Security and Monitoring Services	-	-	72,173	(72,173)
0053 Data Processing Services	-	-	50,944	(50,944)
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	6,756,546	(6,756,546)
6030 Total Expenditures	-	-	7,206,197	(7,206,197)
1100 Excess of Revenues Over Expenditures	-	-	443,452	443,452
<b>OTHER FINANCING SOURCES (USES):</b>				
8911 Transfers Out (Use)	-	-	(443,452)	(443,452)
7080 Total Other Financing Sources (Uses)	-	-	(443,452)	(443,452)
1200 Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

Note: This fund is not required to have a legally adopted budget.

The accompanying notes are an integral part of this statement.

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.027006729%	0.028874063%	0.025522338%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 14,464,253	\$ 15,009,641	\$ 14,048,114
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	22,761,633	21,241,884	23,435,576
Total	<u>\$ 37,225,886</u>	<u>\$ 36,251,525</u>	<u>\$ 37,483,690</u>
District's Covered Payroll	\$ 32,638,457	\$ 30,920,380	\$ 29,473,443
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	44.32%	48.54%	47.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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

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

FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.024963169%		0.022931223%		0.0235476%		0.0143173%	
\$	7,981,877	\$	8,665,368	\$	8,323,763	\$	3,824,349
13,644,899		16,575,822		15,786,492		13,558,185	
\$	21,626,776	\$	25,241,190	\$	24,110,255	\$	17,382,534
\$	27,666,114	\$	26,295,848	\$	25,156,791	\$	23,961,496
28.85%		32.95%		33.08%		15.96%	
82.17%		78.00%		78.43%		83.25%	



SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 1,095,396	\$ 1,103,962	\$ 969,935
Contribution in Relation to the Contractually Required Contribution	(1,095,396)	(1,103,962)	(969,935)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 32,831,985	\$ 32,407,855	\$ 30,554,638
Contributions as a Percentage of Covered Payroll	3.34%	3.41%	3.17%

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

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

2018	2017	2016	2015
\$ 848,880	\$ 813,132	\$ 610,244	\$ 652,641
(848,880)	(813,132)	(610,244)	(652,641)
\$ -	\$ -	\$ -	\$ -
\$ 29,211,073	\$ 27,570,721	\$ 21,822,729	\$ 25,156,791
2.91%	2.95%	2.79%	2.59%

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.037875465%	0.037882093%	0.034540923%	\$ 0.03116958%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 14,398,175	\$ 17,914,906	\$ 17,246,599	\$ 13,554,481
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	19,347,696	23,804,903	24,900,401	\$ 22,180,424
Total	<u>\$ 33,745,871</u>	<u>\$ 41,719,809</u>	<u>\$ 42,147,000</u>	<u>\$ 35,734,905</u>
District's Covered Payroll	\$ 31,761,539	\$ 30,920,380	\$ 29,473,443	\$ 27,666,114
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	45.33%	57.94%	58.52%	\$ 48.99%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	\$ 0.91%

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

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 276,264	\$ 285,143	\$ 275,132	\$ 220,168
Contribution in Relation to the Contractually Required Contribution	(276,264)	(285,143)	(275,132)	(220,168)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 31,953,234	\$ 32,407,855	\$ 30,554,638	\$ 29,211,073
Contributions as a Percentage of Covered Payroll	0.86%	0.88%	0.90%	0.75%

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

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

**SANTA FE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

**Notes to Schedule of Revenue, Expenditures, and Changes in Fund Balance**

*Budgetary Information*

The District adopts an “appropriated budget” for the General Fund, Debt Service Fund, and the Child Nutrition Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations, must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available or estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the year ended June 30, 2021.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principals and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget for fiscal year 2021 was prepared for adoption for budgeted governmental fund types by June 30, 2020. The budget was adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods and purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year’s budget.

*Excess Expenditures over Appropriations*

The TEA requires the budgets for the General, Child Nutrition Programs, and Debt Service Funds to be filed with the TEA. The budget should not be exceeded in any functional category under TEA requirements. For the year ended June 30, 2021, expenditures exceeded appropriations in the following functional categories:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	93-Payments to Fiscal Agent/Member Districts of SSA	\$ 61,184	\$ 147,387	\$ (86,203)

**Notes to the Schedule of the District’s Proportionate Share of the Net Pension Liability**

*Changes of Assumptions*

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

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

**Notes to Schedule of the District's Proportionate Share of the Net OPEB Liability**

*Changes of Assumptions*

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

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the TOL.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change decreased the TOL.
- The ultimate health care trend rate 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.

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## **COMBINING SCHEDULES**



SANTA FE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes		211	224	225	226
		ESEA I, A	IDEA - Part B	IDEA - Part B	IDEA - Part B
		Improving	Formula	Preschool	Discretionary
		Basic Program			
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ 8,025	\$ -	\$ 58,251
1240	Due from Other Governments	198,148	216,319	17,114	51,379
1260	Due from Other Funds	-	58,251	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 198,148</u>	<u>\$ 282,595</u>	<u>\$ 17,114</u>	<u>\$ 109,630</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 90	\$ -	\$ -
2160	Accrued Wages Payable	63,215	80,722	3,177	-
2170	Due to Other Funds	134,933	193,603	13,937	109,630
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	8,180	-	-
2000	Total Liabilities	<u>198,148</u>	<u>282,595</u>	<u>17,114</u>	<u>109,630</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3430	Prepaid Items	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 198,148</u>	<u>\$ 282,595</u>	<u>\$ 17,114</u>	<u>\$ 109,630</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	276 Title I - SIP Academy Grant	277 Coronavirus Relief Fund CARES	281 ESSER II Fund
\$ 195,695	\$ 1,600	\$ -	\$ 62	\$ 524,930	\$ -	\$ 459,413	\$ -
93,178	21,737	28,506	1,641	69,938	10,500	-	4,747
-	-	-	-	-	4,747	-	-
-	-	-	-	-	-	-	-
28,265	-	-	-	-	-	-	-
24,013	-	-	-	-	-	-	-
<u>\$ 341,151</u>	<u>\$ 23,337</u>	<u>\$ 28,506</u>	<u>\$ 1,703</u>	<u>\$ 594,868</u>	<u>\$ 15,247</u>	<u>\$ 459,413</u>	<u>\$ 4,747</u>
\$ 4,882	\$ -	\$ -	\$ 513	\$ -	\$ -	\$ -	\$ -
110,864	5,378	783	500	-	-	-	-
210,980	17,959	27,723	690	594,868	15,247	418,201	4,747
-	-	-	-	-	-	-	-
-	-	-	-	-	-	41,212	-
<u>326,726</u>	<u>23,337</u>	<u>28,506</u>	<u>1,703</u>	<u>594,868</u>	<u>15,247</u>	<u>459,413</u>	<u>4,747</u>
28,265	-	-	-	-	-	-	-
24,012	-	-	-	-	-	-	-
(37,852)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>14,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 341,151</u>	<u>\$ 23,337</u>	<u>\$ 28,506</u>	<u>\$ 1,703</u>	<u>\$ 594,868</u>	<u>\$ 15,247</u>	<u>\$ 459,413</u>	<u>\$ 4,747</u>

SANTA FE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes		289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 265,228	\$ 6,914	\$ 48,082	\$ 93,006
1240	Due from Other Governments	1,318,638	-	955	3,417
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 1,583,866</u>	<u>\$ 6,914</u>	<u>\$ 49,037</u>	<u>\$ 96,423</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 4,193	\$ -	\$ -	\$ 1,046
2160	Accrued Wages Payable	24,368	-	-	2,290
2170	Due to Other Funds	1,555,305	-	49,037	76,787
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>1,583,866</u>	<u>-</u>	<u>49,037</u>	<u>80,123</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3430	Prepaid Items	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	6,914	-	16,300
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>6,914</u>	<u>-</u>	<u>16,300</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,583,866</u>	<u>\$ 6,914</u>	<u>\$ 49,037</u>	<u>\$ 96,423</u>

461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 825,528	\$ 416	\$ 2,487,150
-	12,371	2,048,588
-	-	62,998
-	6,814	6,814
-	-	28,265
-	-	24,013
<u>\$ 825,528</u>	<u>\$ 19,601</u>	<u>\$ 4,657,828</u>
\$ 172,624	\$ 446	\$ 183,794
-	-	291,297
67,931	17,075	3,508,653
558	-	558
-	-	49,392
<u>241,113</u>	<u>17,521</u>	<u>4,033,694</u>
-	-	28,265
-	-	24,012
-	-	(37,852)
-	2,080	25,294
584,415	-	584,415
<u>584,415</u>	<u>2,080</u>	<u>624,134</u>
<u>\$ 825,528</u>	<u>\$ 19,601</u>	<u>\$ 4,657,828</u>

SANTA FE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	477,894	821,581	29,908	51,379
5020 Total Revenues	477,894	821,581	29,908	51,379
EXPENDITURES:				
Current:				
0011 Instruction	470,369	321,238	29,908	51,379
0013 Curriculum and Instructional Staff Development	7,525	349,623	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	1,400	-	-
0031 Guidance, Counseling, and Evaluation Services	-	43,785	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	105,535	-	-
6030 Total Expenditures	477,894	821,581	29,908	51,379
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	276 Title I - SIP Academy Grant	277 Coronavirus Relief Fund CARES	281 ESSER II Fund
\$ 435,260	\$ -	\$ 254	\$ -	\$ -	\$ -	\$ -	\$ -
7,547	-	-	-	-	-	66,630	-
1,678,760	38,786	83,747	8,482	585,859	10,500	354,350	4,747
2,121,567	38,786	84,001	8,482	585,859	10,500	420,980	4,747
-	38,786	247	4,881	361,083	10,500	-	4,747
-	-	66,325	2,085	-	-	59,869	-
-	-	-	1,516	-	-	-	-
-	-	12,350	-	-	-	-	-
-	-	5,079	-	-	-	-	-
2,236,101	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
18,840	-	-	-	10,420	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	361,111	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,254,941	38,786	84,001	8,482	371,503	10,500	420,980	4,747
(133,374)	-	-	-	214,356	-	-	-
-	-	-	-	(214,356)	-	-	-
(133,374)	-	-	-	-	-	-	-
147,799	-	-	-	-	-	-	-
\$ 14,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SANTA FE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 63	\$ -	\$ -	\$ 35
5800 State Program Revenues	-	3,600	278,121	96,423
5900 Federal Program Revenues	1,857,198	-	-	-
5020 Total Revenues	1,857,261	3,600	278,121	96,458
EXPENDITURES:				
Current:				
0011 Instruction	78,796	-	278,121	23,402
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	3,664	-	-	-
0031 Guidance, Counseling, and Evaluation Services	227,330	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	56,756
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	282,841	-	-	-
0053 Data Processing Services	22,620	-	-	-
0061 Community Services	8,008	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	623,259	-	278,121	80,158
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,234,002	3,600	-	16,300
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	(1,234,002)	-	-	-
1200 Net Change in Fund Balance	-	3,600	-	16,300
0100 Fund Balance - July 1 (Beginning)	-	3,314	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 6,914	\$ -	\$ 16,300

461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 613,813	\$ 23,220	\$ 1,072,645
-	-	452,321
-	-	6,003,191
613,813	23,220	7,528,157
-	-	1,673,457
-	-	485,427
-	-	1,516
-	-	17,414
-	-	276,194
-	-	2,236,101
557,216	-	557,216
-	-	56,756
-	-	29,260
-	-	282,841
-	-	383,731
-	21,140	29,148
-	-	105,535
557,216	21,140	6,134,596
56,597	2,080	1,393,561
-	-	(1,448,358)
56,597	2,080	(54,797)
527,818	-	678,931
\$ 584,415	\$ 2,080	\$ 624,134



SANTA FE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 JUNE 30, 2021

	865 Student Activity Accounts	899 Other Custodial Funds	Total Custodial Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 44,752	\$ 8,075	\$ 52,827
Total Assets	<u>44,752</u>	<u>8,075</u>	<u>52,827</u>
<b>LIABILITIES</b>			
Accounts Payable	620	987	1,607
Total Liabilities	<u>620</u>	<u>987</u>	<u>1,607</u>
<b>NET POSITION</b>			
Restricted for Campus Activities	-	7,088	7,088
Restricted for Student Groups	44,132	-	44,132
Total Net Position	<u>\$ 44,132</u>	<u>\$ 7,088</u>	<u>\$ 51,220</u>

SANTA FE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 FOR FISCAL YEAR 2021

	865 Student Activity Accounts	899 Other Custodial Funds	Total Custodial Funds
ADDITIONS:			
Enterprising Services Revenue	\$ 20,918	\$ 3,150	\$ 24,068
Total Additions	<u>20,918</u>	<u>3,150</u>	<u>24,068</u>
DEDUCTIONS:			
Other Deductions	<u>23,902</u>	<u>8,352</u>	<u>32,254</u>
Total Deductions	<u>23,902</u>	<u>8,352</u>	<u>32,254</u>
Change in Net Position	(2,984)	(5,202)	(8,186)
Net Position - July 1 (Beginning)	<u>47,116</u>	<u>12,290</u>	<u>59,406</u>
Net Position - June 30 (Ending)	<u><u>\$ 44,132</u></u>	<u><u>\$ 7,088</u></u>	<u><u>\$ 51,220</u></u>

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## **COMPLIANCE SCHEDULES**

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.040000	0.413900	998,635,670
2014	1.040000	0.409000	1,018,499,379
2015	1.040000	0.395800	1,076,879,022
2016	1.040000	0.376700	1,078,092,115
2017	1.040000	0.362300	1,255,762,818
2018	1.040000	0.362300	1,420,096,212
2019	1.040000	0.362300	1,420,213,874
2020	0.970000	0.362300	1,581,106,252
2021 (School year under audit)	0.919300	0.362300	1,811,444,587
1000 TOTALS			

(10) Beginning Balance 7/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
\$ 413,265	\$ -	\$ 6,339	\$ 994	\$ (196)	\$ 405,736
47,379	-	1,521	606	(89)	45,163
51,822	-	1,621	637	(526)	49,038
58,254	-	3,035	1,155	(88)	53,976
64,347	-	9,804	3,551	(87)	50,905
81,745	-	12,935	4,506	(997)	63,307
123,577	-	25,963	9,044	(847)	87,723
233,485	-	51,536	17,953	(34,430)	129,566
871,773	-	422,837	157,932	(75,400)	215,604
-	23,215,818	16,049,167	6,325,059	-	841,592
<u>\$ 1,945,647</u>	<u>\$ 23,215,818</u>	<u>\$ 16,584,758</u>	<u>\$ 6,521,437</u>	<u>\$ (112,660)</u>	<u>\$ 1,942,610</u>

See Note 4 on page 40 for reconciliation to Exhibit C-1.

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 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	\$ 1,535,996	\$ 1,535,996	\$ 435,260	\$ (1,100,736)
5800 State Program Revenues	40,000	40,000	7,547	(32,453)
5900 Federal Program Revenues	993,000	993,000	1,678,760	685,760
5020 Total Revenues	2,568,996	2,568,996	2,121,567	(447,429)
EXPENDITURES:				
Current:				
0035 Food Services	2,518,996	2,730,746	2,236,101	494,645
0051 Facilities Maintenance and Operations	-	38,250	18,840	19,410
6030 Total Expenditures	2,518,996	2,768,996	2,254,941	514,055
1200 Net Change in Fund Balances	50,000	(200,000)	(133,374)	66,626
0100 Fund Balance - July 1 (Beginning)	147,799	147,799	147,799	-
3000 Fund Balance - June 30 (Ending)	\$ 197,799	\$ (52,201)	\$ 14,425	\$ 66,626

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 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	\$ 5,965,000	\$ 5,970,000	\$ 6,625,967	\$ 655,967
5800 State Program Revenues	432,897	432,897	213,503	(219,394)
5020 Total Revenues	6,397,897	6,402,897	6,839,470	436,573
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	2,975,000	2,975,000	2,975,000	-
0072 Interest on Long-Term Debt	3,413,550	3,413,550	3,413,550	-
0073 Bond Issuance Cost and Fees	2,500	7,500	3,250	4,250
6030 Total Expenditures	6,391,050	6,396,050	6,391,800	4,250
1200 Net Change in Fund Balances	6,847	6,847	447,670	440,823
0100 Fund Balance - July 1 (Beginning)	6,683,414	6,683,414	6,683,414	-
3000 Fund Balance - June 30 (Ending)	\$ 6,690,261	\$ 6,690,261	\$ 7,131,084	\$ 440,823



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## **FEDERAL AWARDS SECTION**

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**MAYS & ASSOCIATES<sup>PLLC</sup>**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Board of Trustees  
SANTA FE INDEPENDENT SCHOOL DISTRICT  
Santa Fe, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Fe Independent School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 12, 2021.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-1.

### **District's Response of Findings**

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

### **Purpose of this Report**

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

  
Mays & Associates, PLLC

Baytown, Texas  
November 12, 2021



**MAYS & ASSOCIATES<sup>PLLC</sup>**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Board of Trustees  
SANTA FE INDEPENDENT SCHOOL DISTRICT  
Santa Fe, Texas

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

We have audited Santa Fe Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

  
Mays & Associates, PLLC

Baytown, Texas  
November 12, 2021

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**I. SUMMARY OF AUDITORS' RESULTS**

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*Financial Statements*

Type of auditors' report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u>          </u> yes	<u>      X      </u> no
Significant deficiencies identified?	<u>          </u> yes	<u>      X      </u> none reported
Noncompliance material to financial statements noted:	<u>          </u> yes	<u>      X      </u> no

*Federal Awards*

Internal control over major programs:		
Material weakness(es) identified?	<u>          </u> yes	<u>      X      </u> no
Significant deficiencies identified?	<u>          </u> yes	<u>      X      </u> none reported
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	<u>          </u> yes	<u>      X      </u> no

Major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.938	Restart Harvey Grant
84.425	ESSER Grant; PPRP

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>      X      </u> yes <u>          </u> no



**SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**II. FINANCIAL STATEMENT FINDINGS**

**2021-1 Excess Expenditure over Appropriations**

*Condition and Criteria:* State law mandates that expenditures not exceed appropriation on a functional level.

*Cause and Effect:* Expenditures exceeded appropriations in one functional category (Payments to Fiscal Agents/Member Districts of SSA).

*Recommendation:* District personnel should continue to review all expenditures during the year to ensure that any necessary budget amendments are brought to the Board of Trustees for approval before June 30.

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None noted.

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

**2020-1 Excess Expenditure over Appropriations**

*Recommendation:* The District should review all expenditures during the year to ensure that any necessary budget amendments are brought to the Board of Trustees for approval before June 30.

*Action Taken:* When necessary, the District makes Board approved budget amendments during the year. The District will closely monitor expenditures during the year to ensure the final budget amendment provides for all actual expenditures.

*Anticipated Completion Date:* See Corrective Action Plan for finding 2021-1.

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2021**

**2021-1 Excess Expenditure over Appropriations**

*Recommendation:* District personnel should continue to review all expenditures during the year to ensure that any necessary budget amendments are brought to the Board of Trustees for approval before June 30.

*Action Taken:* District personnel will continue to monitor expenditures during the year to ensure the final budget amendment provides for all actual expenditures. In addition, the District will adjust its 2021-2022 budget to consider anticipated expenditures (and accruals) prior to year-end.

*Anticipated Completion Dates:* November 30, 2022.

Please contact Lee Townsend, Chief Financial Officer, at 409-925-9020 with any questions regarding this corrective action plan.

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>DEPARTMENT OF THE TREASURY</b>			
<u>Passed Through City of Santa Fe, Texas</u>			
COVID-19 Coronavirus Relief Fund	21.019	2020-CRF-S#90	\$ 177,175
Total Passed Through City of Santa Fe, Texas			177,175
<b>TOTAL DEPARTMENT OF THE TREASURY</b>			177,175
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
School Emergency Response to Violence (SERV)	84.184	S184S190009	221,972
Total Direct Programs			221,972
<u>Passed Through State Department of Education</u>			
2019-2020 Stop School Violence	16.839	194310017110003	29,382
COVID-19 Conronavirus Relief Fund	21.019	52202002	177,175
ESEA, Title I, Part A - Improving Basic Programs	84.010	20610101084909	78,132
ESEA, Title I, Part A - Improving Basic Programs	84.010	21610101084909	424,889
Total Assistance Listing Number 84.010			503,021
*IDEA - Part B, Formula	84.027	206600010849096600	66,088
*IDEA - Part B, Formula	84.027	216600010849096600	798,692
Total Assistance Listing Number 84.027			864,780
*IDEA - Part B, Preschool	84.173	2166100108490096610	27,871
*IDEA - Part B, Preschool	84.173	206610010849096610	2,037
Total Assistance Listing Number 84.173			29,908
*IDEA - Part B, Discretionary	84.027	66002106	51,379
Total Special Education Cluster (IDEA)			946,067
Career and Technical - Basic Grant	84.048	21420006084909	38,786
Title III, Part A - English Language Acquisition	84.365	20671001084909	2,660
Title III, Part A - English Language Acquisition	84.365	21671001084909	6,128
Total Assistance Listing Number 84.365			8,788
ESEA, Title II, Part A, Teacher Principal Training	84.367	20694501084909	36,516
ESEA, Title II, Part A, Teacher Principal Training	84.367	21694501084909	51,647
Total Assistance Listing Number 84.367			88,163
Instructional Continuity	84.377	17610740084909	10,500
Title IV, Part A, Subpart 1	84.424	20680101084909	2,815
Title IV, Part A, Subpart 1	84.424	21680101084909	13,637
Total Assistance Listing Number 84.424			16,452
COVID-19 Prior Purchase Reimb Program (PPRP)	84.425	52102035	214,356
COVID-19 ESSER I	84.425	20521001084909	380,512
COVID-19 CRRSA ESSER II	84.425	21521001084909	4,747
Total Assistance Listing Number 84.425			599,615
Restart Hurricane Grant	84.938	21511704084909	1,234,002

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Total Passed Through State Department of Education			3,651,951
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>3,873,923</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through Texas Dept of Human Services			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00208	8,953
Total Passed Through Texas Dept of Human Services			8,953
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>8,953</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<u>Direct Programs</u>			
Crime Victim Assistance	16.575	3696901	197,884
STOP School Violence	16.839	2018-YS-BX-0172	50,856
COPS Grant	16.710	2020SVWX0099	117,738
Total Direct Programs			366,478
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>366,478</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through the State Department of Agriculture			
*School Breakfast Program	10.553	71402101	385,854
*National School Lunch Program - Cash Assistance	10.555	71302101	1,377,817
*National School Lunch Prog. - Non-Cash Assistance	10.555	00408	101,072
Total Assistance Listing Number 10.555			1,478,889
Total Child Nutrition Cluster			1,864,743
2020 NSLP Equipment Assistance Grant	10.579	6TX300355	69,600
Total Passed Through the State Department of Agriculture			1,934,343
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>1,934,343</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 6,360,872</b>

\*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**SANTA FE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2021**

1. The District utilizes the fund types specified in the Texas Education Agency's (TEA) *Financial Accountability System Resource Guide*.

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the SEFA presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

2. The District has not elected to use the 10% de minimis indirect costs rate under the Uniform Guidance.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types and agency funds are accounted for using a current financial resources measurement focus. All federal grant funds are accounted for in the special revenue funds, a component of the governmental fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

4. The District participates in numerous state and federal grant programs that 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, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

**SANTA FE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2021**

5. Reconciliation of Federal Program Revenues:

Total Expenditures of Federal Awards	\$ 6,351,920
Plus: School Health and Related Services (SHARS)	<u>518,250</u>
 Total Federal Program Revenues	 <u>\$ 6,870,170</u>

(Per TEA *Financial Accountability System Resource Guide* – SHARS reimbursements are not to be reported on Schedule of Expenditures of Federal Awards.)

# SCHOOLS FIRST QUESTIONNAIRE

SANTA FE INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2021

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SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	0