

Santa Fe Independent School District

Santa Fe, Texas



ANNUAL FINANCIAL AND COMPLIANCE REPORT
For the Fiscal Year Ended June 30, 2023

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**SANTA FE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT**

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CERTIFICATE OF BOARD

Santa Fe Independent School District
Name of School District

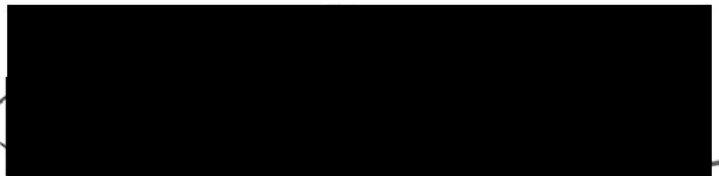
Galveston
County

084-909
County-District

We, the undersigned, certify that the attached annual financial and compliance report of the above named school district were reviewed and X approved disapproved for the year ended June 30, 2023, at a meeting of the Board of Trustees of such school district on the 13th day of November, 2023.



Signature of Board Secretary



Signature of Board President

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FINANCIAL SECTION

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MAYS & ASSOCIATES^{PLLC}
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and TRS pension and OPEB schedules on pages 8-15 and 59-69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, compliance schedules required by the Texas Education Agency, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, 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 13, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


Mays & Associates, PLLC

Baytown, Texas
November 13, 2023

**SANTA FE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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, 2023. 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 \$4,531,179 (*net position*).
- The District's governmental funds reported combined ending fund balances of \$17,251,096, a decrease of \$4,888,057 in comparison with the prior year. The decrease in governmental fund balances was due primarily to excess expenditures over revenues.
- The unassigned fund balance for the general fund was \$5,494,078 or 11% of total general fund expenditures. Total general fund balance was \$7,277,050.
- The District's bonded debt decreased by \$4,495,000 as a result of regularly scheduled debt payments.

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, 2023**

- 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-3) 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 reports three types 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

**SANTA FE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- *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 combining and individual nonmajor funds and 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 \$4,531,179 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, 2023**

COMPARATIVE SCHEDULE OF NET POSITION

	Governmental Activities		Change
	2023	2022	2023-2022
Current and other assets	\$ 27,645,951	\$ 30,606,093	\$ (2,960,142)
Capital assets and non current assets	<u>80,871,265</u>	<u>87,130,090</u>	<u>(6,258,825)</u>
Total assets	<u>108,517,216</u>	<u>117,736,183</u>	<u>(9,218,967)</u>
Deferred outflows of resources	<u>13,368,054</u>	<u>11,669,095</u>	<u>1,698,959</u>
Other liabilities	9,282,060	10,599,314	(1,317,254)
Long-term liabilities	<u>100,934,832</u>	<u>98,992,316</u>	<u>1,942,516</u>
Total liabilities	<u>110,216,892</u>	<u>109,591,630</u>	<u>625,262</u>
Deferred inflows of resources	<u>16,199,557</u>	<u>18,613,627</u>	<u>(2,414,070)</u>
Net position:			
Net investment in capital assets	6,727,648	8,176,470	(1,448,822)
Restricted	8,648,510	7,750,291	898,219
Unrestricted	<u>(19,907,337)</u>	<u>(14,726,740)</u>	<u>(5,180,597)</u>
Total net position	<u>\$ (4,531,179)</u>	<u>\$ 1,200,021</u>	<u>\$ (5,731,200)</u>

Net position is restricted for various purposes as follows:

	Governmental Activities	
	2023	2022
Federal and state programs	\$ 553,509	\$ 655,469
Debt Services	8,093,114	7,066,913
Other Purposes	<u>1,887</u>	<u>27,909</u>
	<u>\$ 8,648,510</u>	<u>\$ 7,750,291</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 (\$19,907,337) at June 30, 2023. 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, 2023**

COMPARATIVE SCHEDULE OF CHANGES IN NET POSITION

	Governmental Activities				Change
	2023	%	2022	%	2023-2022
Revenues					
Program revenues:					
Charges for services	\$ 3,205,901	5%	\$ 2,399,822	4%	\$ 806,079
Operating grants & contributions	10,007,317	17%	11,431,470	19%	(1,424,153)
Capital grants & contributions	-	0%	-	0%	-
General revenues:					
Property taxes	26,984,145	45%	26,108,137	43%	876,008
State aid - formula grants	18,036,304	30%	17,370,913	29%	665,391
Grants and contributions not restricted	1,054,699	2%	991,191	2%	63,508
Investment earnings	510,824	1%	57,503	0%	453,321
Other	507,017	1%	1,797,319	3%	(1,290,302)
Total revenues	<u>60,306,207</u>	<u>100%</u>	<u>60,156,355</u>	<u>100%</u>	<u>149,852</u>
Expenses:					
Instruction and related services	32,266,130	49%	29,810,537	48%	2,455,593
Instructional and school leadership	3,289,438	5%	2,960,957	5%	328,481
Support services - student	11,415,638	17%	10,424,104	17%	991,534
Administrative support services	2,410,332	4%	2,544,091	4%	(133,759)
Support services - non-student based	13,386,039	20%	12,863,329	21%	522,710
Ancillary services	249,179	0%	173,275	0%	75,904
Debt service	2,775,985	4%	3,008,089	5%	(232,104)
Intergovernmental charges	244,666	0%	219,674	0%	24,992
Total expenses	<u>66,037,407</u>	<u>100%</u>	<u>62,004,056</u>	<u>100%</u>	<u>4,033,351</u>
Increase (decrease) in net position	(5,731,200)		(1,847,701)		(3,883,499)
Net position, beginning	1,200,021		3,047,722		(1,847,701)
Prior period adjustment	-		-		-
Net position, ending	<u>\$ (4,531,179)</u>		<u>\$ 1,200,021</u>		<u>\$ (5,731,200)</u>

Governmental Activities

The decrease in Net Position of \$5,731,200 results primarily from the expenses exceeding revenues.

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, 2023, the District reported a net pension liability of \$15,483,477 for its proportionate share of TRS's net pension liability and a net OPEB liability of \$8,866,713 for its proportionate share of the District's Other Post-Employment benefits other than pensions. At June 30, 2022, the District's net pension liability and OPEB liability was \$6,488,617 and \$14,064,626, respectively.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Revenues are generated primarily from the following three sources: property taxes, state-aid formula grants, and operating grants and contributions. When combined, \$55,027,766, these revenues represent 91 percent of total revenues. The remaining \$5,278,441 or 9 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 92 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, 2023, the District's governmental funds reported combined ending fund balances of \$17,251,096, a decrease of \$4,888,057 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 \$5,494,078 while total fund balance reached \$7,277,050. 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, 2023, these were 11% and 14%, respectively. Unassigned fund balance experienced an increase of \$4,981,733 from the prior year, which was due primarily to District releasing its committed fund balance. Overall, total general fund balance decreased by \$5,934,782 during the current period.

The debt service fund has a total fund balance of \$8,634,265, all of which is reserved for the payment of debt service. The increase in the debt service fund balance during the current year was \$960,338, which resulted from additional revenues over regularly scheduled debt service requirements.

General Fund Budgetary Highlights

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

	BUDGET	
	Original	Final
Total revenues	\$ 47,277,184	\$ 48,380,335
Total expenditures	47,270,090	50,520,133
Net change in fund balance	\$ 7,094	\$ (2,139,798)

The District adopted a minor surplus budget for fiscal year 2023. With updated information, the District amended its budget to reflect a surplus budget. Actual revenues for the general fund were less than budgetary estimates by approximately \$4.6 million, which was related to decreases in state and federal revenues. Most noted decrease in revenues was primarily related to a decrease in state funding. Expenditures fell below budgetary estimates by approximately \$119,000. Overall, the general fund exceeded its final budget estimate by approximately \$3.8 million which was a similar decrease in general fund balance.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2023 includes land, buildings and improvements, and furniture and equipment. The investment in capital assets (capital outlays) decreased during the current year by \$6,258,825. The following table summarizes the investment in capital assets as of June 30, 2023 and June 30, 2022.

	<u>2023</u>	<u>2022</u>
Land	\$ 1,653,043	\$ 2,983,429
Buildings and improvements	137,991,948	137,965,150
Furniture and equipment	<u>22,943,842</u>	<u>22,555,528</u>
	162,588,833	163,504,107
Accumulated depreciation	<u>(81,717,568)</u>	<u>(76,374,017)</u>
Net capital assets	<u><u>\$ 80,871,265</u></u>	<u><u>\$ 87,130,090</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, 2023, the District had \$69,695,000 in bonded debt outstanding, a decrease of \$4,495,000 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, 2023 are as follows:

<u>7/1/2022</u>	<u>Issued</u>	<u>Retired</u>	<u>6/30/2023</u>
\$ 74,190,000	\$ -	\$ (4,495,000)	\$ 69,695,000

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 23-24 is projected to remain at the same levels, with the expectation that new homes towards the end of the school year will begin bringing forth new enrollment.
- The 2022-2023 average daily attendance (ADA) totaled 3,961 students. The 2022-2023 average daily attendance percentage was 93.0%.
- The 2022-2023 refined average daily attendance was budgeted to be 4,300. For 2023-2024, the refined average daily attendance is budgeted to be 4,037.
- Taxable values in the District have been capped due to HB 3 and the passage of Proposition 4 (increase in homestead exemption to \$100,000), this has created a natural compression on the tax rate.
- The maintenance and operations tax rate for fiscal year 2023-2024 is \$0.738000, while the debt service rate is \$0.3623 for a total rate of \$1.100300, which is lower than the previous year.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

- The district continues to maintain five campuses for instruction.

These indicators were taken into account when adopting the 2023-2024 general fund, interest and sinking fund (debt service) budgets. The Santa Fe Independent School District general fund adopted budget for 2023-2024 is as follows:

<u>General Fund Budget</u>	<u>Original</u>
Budgeted Revenues	\$ 44,235,570
Budgeted Expenditures	<u>47,257,591</u>
Budget Surplus (Deficit)	<u><u>\$ (3,022,021)</u></u>

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.sfisd.org.

SANTA FE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 15,383,140
1220 Property Taxes - Delinquent	3,239,154
1230 Allowance for Uncollectible Taxes	(965,100)
1240 Due from Other Governments	7,768,406
1250 Accrued Interest	9,881
1290 Other Receivables, Net	345,889
1300 Inventories	53,609
1410 Prepayments	1,810,972
Capital Assets:	
1510 Land	1,653,043
1520 Buildings, Net	74,933,308
1530 Furniture and Equipment, Net	4,284,914
1000 Total Assets	<u>108,517,216</u>
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	2,212,352
1705 Deferred Outflow Related to TRS Pension	6,629,031
1706 Deferred Outflow Related to TRS OPEB	4,526,671
1700 Total Deferred Outflows of Resources	<u>13,368,054</u>
LIABILITIES	
2110 Accounts Payable	1,925,099
2140 Accrued Interest	1,111,285
2150 Payroll Deductions and Withholdings	27,293
2160 Accrued Wages Payable	4,586,522
2177 Due to Fiduciary Funds	1,130
2180 Due to Other Governments	558
2200 Accrued Expenses	110,377
2300 Unearned Revenue	1,519,796
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, etc.	3,575,000
Due in More than One Year:	
2502 Bonds, Notes, Loans, etc.	73,009,642
2540 Net Pension Liability (District's Share)	15,483,477
2545 Net OPEB Liability (District's Share)	8,866,713
2000 Total Liabilities	<u>110,216,892</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	1,969,562
2606 Deferred Inflow Related to TRS OPEB	14,229,995
2600 Total Deferred Inflows of Resources	<u>16,199,557</u>
NET POSITION	
3200 Net Investment in Capital Assets	6,727,648
Restricted:	
3820 Restricted for Federal and State Programs	553,509
3850 Restricted for Debt Service	8,093,114
3890 Restricted for Other Purposes	1,887
3900 Unrestricted	(19,907,337)
3000 Total Net Position	<u>\$ (4,531,179)</u>

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, 2023

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	6 Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 29,814,412	\$ 336,811	\$ 4,175,436	\$ (25,302,165)
12 Instructional Resources and Media Services	433,434	-	10,262	(423,172)
13 Curriculum and Instructional Staff Development	2,018,284	-	594,584	(1,423,700)
21 Instructional Leadership	596,018	-	20,208	(575,810)
23 School Leadership	2,693,420	-	65,175	(2,628,245)
31 Guidance, Counseling, and Evaluation Services	1,573,369	-	315,289	(1,258,080)
32 Social Work Services	115,701	-	729	(114,972)
33 Health Services	582,518	-	62,125	(520,393)
34 Student (Pupil) Transportation	3,584,859	-	92,143	(3,492,716)
35 Food Services	3,099,049	1,298,344	1,579,286	(221,419)
36 Extracurricular Activities	2,460,142	1,508,799	24,186	(927,157)
41 General Administration	2,410,332	-	480,045	(1,930,287)
51 Facilities Maintenance and Operations	10,048,028	61,947	1,618,584	(8,367,497)
52 Security and Monitoring Services	1,603,237	-	262,969	(1,340,268)
53 Data Processing Services	1,734,774	-	58,554	(1,676,220)
61 Community Services	249,179	-	73,634	(175,545)
72 Debt Service - Interest on Long-Term Debt	2,775,985	-	384,838	(2,391,147)
93 Payments Related to Shared Services Arrangements	244,666	-	189,270	(55,396)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 66,037,407</u>	<u>\$ 3,205,901</u>	<u>\$ 10,007,317</u>	<u>(52,824,189)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			18,957,921
DT	Property Taxes, Levied for Debt Service			8,026,224
SF	State Aid - Formula Grants			18,036,304
GC	Grants and Contributions not Restricted			1,054,699
IE	Investment Earnings			510,824
MI	Miscellaneous Local and Intermediate Revenue			507,017
TR	Total General Revenues			<u>47,092,989</u>
CN	Change in Net Position			(5,731,200)
NB	Net Position - Beginning			<u>1,200,021</u>
NE	Net Position - Ending			<u>\$ (4,531,179)</u>

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

SANTA FE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes	10 General Fund	Other Federal Special Revenue Fund	50 Debt Service Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 3,625,646	\$ 1,159,881	\$ 8,713,374
1220 Property Taxes - Delinquent	2,426,920	-	812,234
1230 Allowance for Uncollectible Taxes	(723,000)	-	(242,100)
1240 Due from Other Governments	6,891,338	126,586	-
1250 Accrued Interest	9,881	-	-
1260 Due from Other Funds	761,200	-	-
1290 Other Receivables	337,221	-	-
1300 Inventories	-	-	-
1410 Prepayments	1,782,972	-	-
1000 Total Assets	<u>\$ 15,112,178</u>	<u>\$ 1,286,467</u>	<u>\$ 9,283,508</u>
LIABILITIES			
2110 Accounts Payable	\$ 394,724	\$ 1,256,206	\$ -
2150 Payroll Deductions and Withholdings Payable	26,462	3	-
2160 Accrued Wages Payable	4,176,566	28,783	-
2170 Due to Other Funds	-	-	-
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	110,377	-	-
2300 Unearned Revenue	1,423,079	1,475	79,109
2000 Total Liabilities	<u>6,131,208</u>	<u>1,286,467</u>	<u>79,109</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,703,920	-	570,134
2600 Total Deferred Inflows of Resources	<u>1,703,920</u>	<u>-</u>	<u>570,134</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
3430 Prepaid Items	1,782,972	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	-	8,634,265
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	5,494,078	-	-
3000 Total Fund Balances	<u>7,277,050</u>	<u>-</u>	<u>8,634,265</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 15,112,178</u>	<u>\$ 1,286,467</u>	<u>\$ 9,283,508</u>

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

Nonmajor Governmental Funds		Total Governmental Funds	
\$	1,884,239	\$	15,383,140
	-		3,239,154
	-		(965,100)
	750,482		7,768,406
	-		9,881
	-		761,200
	8,668		345,889
	53,609		53,609
	28,000		1,810,972
\$	2,724,998	\$	28,407,151
\$	264,690	\$	1,915,620
	828		27,293
	381,173		4,586,522
	721,835		721,835
	558		558
	-		110,377
	16,133		1,519,796
	1,385,217		8,882,001
	-		2,274,054
	-		2,274,054
	53,609		53,609
	28,000		1,810,972
	471,900		471,900
	-		8,634,265
	1,887		1,887
	784,385		784,385
	-		5,494,078
	1,339,781		17,251,096
\$	2,724,998	\$	28,407,151

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SANTA FE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 17,251,096
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 \$162,588,833 and the accumulated depreciation is \$81,717,568. The effect of including the capital assets (net of depreciation) in the governmental activities is to increase net position. (See Note 6.)	80,871,265
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.)	(76,584,642)
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.	2,274,054
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 \$15,483,477, a deferred resource inflow related to TRS in the amount of \$1,969,562 and a deferred resource outflow related to TRS in the amount of \$6,629,031. The net effect of these pension related items is a decrease to net position. (See Note 12.)	(10,824,008)
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.	(49,974)
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 \$8,866,713, a deferred resource inflow related to TRS OPEB in the amount of \$14,229,995 and a deferred resource outflow related to TRS OPEB in the amount of \$4,526,671. The net effect of these pension related items is a decrease to net position. (See Note 10.)	(18,570,037)
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, recognizing the bond components associated with outstanding debt, and accrued interest. 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.	1,101,067
19 Net Position of Governmental Activities	\$ (4,531,179)

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, 2023

Data Control Codes	10 General Fund	Other Federal Special Revenue Fund	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 20,365,429	\$ -	\$ 8,226,973
5800 State Program Revenues	20,696,358	54,352	384,838
5900 Federal Program Revenues	2,663,953	1,646,525	-
5020 Total Revenues	43,725,740	1,700,877	8,611,811
EXPENDITURES:			
Current:			
0011 Instruction	24,935,216	1,263,767	-
0012 Instructional Resources and Media Services	418,077	-	-
0013 Curriculum and Instructional Staff Development	1,363,073	2,040	-
0021 Instructional Leadership	566,381	-	-
0023 School Leadership	2,564,539	-	-
0031 Guidance, Counseling, and Evaluation Services	1,229,061	207,718	-
0032 Social Work Services	122,879	-	-
0033 Health Services	501,194	-	-
0034 Student (Pupil) Transportation	3,450,630	28,934	-
0035 Food Services	125,634	-	-
0036 Extracurricular Activities	1,128,251	-	-
0041 General Administration	2,216,113	-	-
0051 Facilities Maintenance and Operations	8,612,279	13,866	-
0052 Security and Monitoring Services	1,279,021	184,552	-
0053 Data Processing Services	1,633,947	-	-
0061 Community Services	175,233	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	-	4,499,693
0072 Interest on Long-Term Liabilities	-	-	3,138,050
0073 Bond Issuance Cost and Fees	-	-	13,730
Capital Outlay:			
0081 Facilities Acquisition and Construction	24,598	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	55,396	-	-
6030 Total Expenditures	50,401,522	1,700,877	7,651,473
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,675,782)	-	960,338
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	741,000	-	-
1200 Net Change in Fund Balances	(5,934,782)	-	960,338
0100 Fund Balance - July 1 (Beginning)	13,211,832	-	7,673,927
3000 Fund Balance - June 30 (Ending)	\$ 7,277,050	\$ -	\$ 8,634,265

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

Nonmajor Governmental Funds		Total Governmental Funds	
\$	2,720,712	\$	31,313,114
	732,300		21,867,848
	4,471,588		8,782,066
	7,924,600		61,963,028
	2,501,745		28,700,728
	-		418,077
	564,781		1,929,894
	4,500		570,881
	12,433		2,576,972
	84,767		1,521,546
	-		122,879
	53,714		554,908
	-		3,479,564
	2,943,314		3,068,948
	1,170,231		2,298,482
	58,089		2,274,202
	133,204		8,759,349
	52,013		1,515,586
	-		1,633,947
	70,152		245,385
	-		4,499,693
	-		3,138,050
	-		13,730
	-		24,598
	189,270		244,666
	7,838,213		67,592,085
	86,387		(5,629,057)
	-		741,000
	86,387		(4,888,057)
	1,253,394		22,139,153
\$	1,339,781	\$	17,251,096

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, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (4,888,057)
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.)	415,112
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. (See Note 6.)	(5,343,551)
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.)	5,054,431
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.	(529,319)
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.	1,080,357
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.	(1,499,363)
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.	(20,810)
Change in Net Position of Governmental Activities	<u><u>\$ (5,731,200)</u></u>

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, 2023

	Governmental Activities -
	Internal Service Fund
LIABILITIES	
Current Liabilities:	
Accounts Payable	9,479
Due to Other Funds	40,495
Total Liabilities	49,974
NET POSITION	
Unrestricted Net Position	(49,974)
Total Net Position	\$ (49,974)

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, 2023

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 136,695
Total Operating Revenues	136,695
OPERATING EXPENSES:	
Payroll Costs	22,908
Professional and Contracted Services	58,846
Supplies and Materials	75,751
Total Operating Expenses	157,505
Operating Income (Loss)	(20,810)
Total Net Position - July 1 (Beginning)	(29,164)
Total Net Position - June 30 (Ending)	\$ (49,974)

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, 2023

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 137,402
Cash Payments for Other Operating Expenses	<u>(137,402)</u>
Net Cash Provided by Operating Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ -</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ (20,810)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	707
Increase (decrease) in Accounts Payable	7,112
Increase (decrease) in Internal Balances	<u>12,991</u>
Net Cash Provided by Operating Activities	<u><u>\$ -</u></u>

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, 2023

	Private Purpose Trust Fund	Total Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 3,666	\$ 71,889
Due from Other Funds	<u>-</u>	<u>1,130</u>
Total Assets	<u>3,666</u>	<u>\$ 73,019</u>
LIABILITIES		
Accounts Payable	<u>-</u>	<u>1,228</u>
Total Liabilities	<u>-</u>	<u>1,228</u>
NET POSITION		
Restricted for Campus Activities	-	6,727
Restricted for Scholarships	3,666	-
Restricted for Student Groups	<u>-</u>	<u>65,064</u>
Total Net Position	<u>\$ 3,666</u>	<u>\$ 71,791</u>

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

SANTA FE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Private Purpose Trust Fund	Total Custodial Funds
ADDITIONS:		
Enterprising Services Revenue	\$ -	\$ 92,775
Total Additions	<u>-</u>	<u>92,775</u>
DEDUCTIONS:		
Other Deductions	<u>-</u>	<u>77,808</u>
Total Deductions	<u>-</u>	<u>77,808</u>
Change in Fiduciary Net Position	-	14,967
 Total Net Position - July 1 (Beginning)	 <u>3,666</u>	 <u>56,824</u>
 Total Net Position - June 30 (Ending)	 <u><u>\$ 3,666</u></u>	 <u><u>\$ 71,791</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**

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 FASRG) 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 three categories of funds utilized by the District: governmental, proprietary 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.

SANTA FE INDEPENDENT SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS

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 *other federal special revenue fund* is a major special revenue fund used to account for other federal financial assistance grants not specified in TEA's FASRG. These funds are restricted to or designed for the Crime Victim Assistance (Victims of Crime Act) and Emergency Connectivity grants. No appropriations budget is available for this major special revenue fund.
- 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.
- 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 as 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.

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.

SANTA FE INDEPENDENT SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS

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

SANTA FE INDEPENDENT SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS

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 G-1, J-2, and J-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.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

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, 2023, 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.)

Assets	Years
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.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

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 benefits. Compensated absences that relate to future services or that are contingent on a specific event that is

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

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 rate established by the Board. 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.

SANTA FE INDEPENDENT SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS

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 government 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.

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 and those changes could be material. The District receives approximately 35% of total governmental revenues from the State of Texas.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial 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, 2023 are shown below:

TABLE 1			
	Cash and Deposits	Investment Pools	Total Cash & Cash Equivalents
Governmental funds:			
General fund	\$ 1,715,944	\$ 1,909,702	\$ 3,625,646
Other federal special revenue fund	1,159,881		1,159,881
Debt service fund	5,090,222	3,623,152	8,713,374
Nonmajor governmental funds	847,021	1,037,218	1,884,239
Total governmental funds	8,813,068	6,570,072	15,383,140
Fiduciary funds	64,668	10,887	75,555
Total cash and investments	\$ 8,877,736	\$ 6,580,959	\$ 15,458,695

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, 2023, the carrying amount of the District's deposits (cash) was \$8,877,736 and the bank balance was \$9,490,614. The District's cash deposits at June 30, 2023 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.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

As of June 30, 2023, the District had the following investments:

TABLE 2						
Investment Type:	Rating	Value at June 30, 2023	Fair Value Measurements Using:			WAM (Days/Years)
			(Level 1)	(Level 2)	(Level 3)	Percent of Portfolio
Cash in Bank		\$ 8,877,736				57%
<i>Cash equivalents measured at amortized costs:</i>						
LoneStar	AAA/AAAm	5,431,638				35% < 365 days
Texas Range (daily)	AAAmf	301,813				2% < 365 days
TexasCLASS	AAAm	847,508				5% < 365 days
Cash and cash equivalents - subtotal		15,458,695				
Total cash & investments		\$ 15,458,695	\$ -	\$ -	\$ -	100%

Texas Range (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 Range (formerly known as TexasTERM), 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 complied 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.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

- 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:

TABLE 3					
	General Fund	Other Federal Special Revenue Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 1,465,419	\$ -	\$ 542,397	\$ -	\$ 2,007,816
Property taxes - penalty & interest	961,501	-	269,837	-	1,231,338
Subtotal - property taxes	2,426,920	-	812,234	-	3,239,154
Due from other governments-federal	2,214,543	43,317	-	538,472	2,796,332
Due from other governments-state	4,642,465	83,269	-	194,851	4,920,585
Due from other governments-other	34,330	-	-	17,159	51,489
Subtotal - due from other governments	6,891,338	126,586	-	750,482	7,768,406
Accrued Interest	9,881	-	-	-	9,881
Other receivables	337,221	-	-	8,668	345,889
Gross receivables	9,665,360	126,586	812,234	759,150	11,363,330
Less: allowance for uncollectibles	(723,000)	-	(242,100)	-	(965,100)
Net total receivables	\$ 8,942,360	\$ 126,586	\$ 570,134	\$ 759,150	\$ 10,398,230

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, 2023 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:

TABLE 4			
	Unavailable	Unearned	Total
Delinquent property taxes (General Fund)	\$ 1,703,920	\$ -	\$ 1,703,920
Delinquent property taxes (Debt Service Fund)	570,134	-	570,134
Funds received prior to meeting all eligibility requirements:			
(General Fund)	-	1,423,079	1,423,079
(Other Federal Special Revenue Fund)	-	1,475	1,475
(Debt Service Fund)	-	79,109	79,109
(Nonmajor Governmental Funds)	-	16,133	16,133
Total unearned revenue	\$ 2,274,054	\$ 1,519,796	\$ 3,793,850

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 2022-2023 fiscal year was based, was \$2,200 million.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

The tax rates assessed for the year ended June 30, 2023, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.8546 and \$.3623 per \$100 valuation, respectively, for a total of \$1.2169 per \$100 valuation.

Current tax collections for the year ended June 30, 2023 were approximately 97% 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 30% of outstanding property taxes receivables at June 30, 2023. 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, 2023 is as follows:

TABLE 5		
Fund	Due From: Receivable	Due to: Payable
General Fund:		
Nonmajor Governmental Funds	\$ 720,705	\$ -
Internal Service Fund	40,495	-
	<u>761,200</u>	<u>-</u>
Nonmajor Governmental Funds:		
General Fund	\$ -	\$ 720,705
Custodial Funds	\$ -	\$ 1,130
	<u>\$ -</u>	<u>\$ 721,835</u>
Internal Service Funds:		
General Fund	\$ -	\$ 40,495
	<u>\$ -</u>	<u>\$ 40,495</u>
Fiduciary Funds:		
Nonmajor Governmental Funds	\$ 1,130	\$ -
	<u>\$ 1,130</u>	<u>\$ -</u>
	<u>\$ 762,330</u>	<u>\$ 762,330</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.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

6. CAPITAL ASSETS

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

TABLE 6					
	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,983,429	\$ -	\$ (1,330,386)	\$ -	\$ 1,653,043
Total Capital Assets, not depreciated	2,983,429	-	(1,330,386)	-	1,653,043
Capital assets, being depreciated:					
Buildings and improvements	137,965,150	26,798	-	-	137,991,948
Furniture and equipment	22,555,528	388,314	-	-	22,943,842
Total Capital Assets, being depreciated	160,520,678	415,112	-	-	160,935,790
Less accumulated depreciation for:					
Buildings and improvements	(58,759,839)	(4,298,801)	-	-	(63,058,640)
Furniture and equipment	(17,614,178)	(1,044,750)	-	-	(18,658,928)
Total accumulated depreciation	(76,374,017)	(5,343,551)	-	-	(81,717,568)
Capital assets, net	\$ 87,130,090	\$ (4,928,439)	\$ (1,330,386)	\$ -	\$ 80,871,265

Depreciation expense was charged to governmental functions as follows:

TABLE 7	
11 Instruction	\$ 2,570,141
12 Instructional resources and media services	37,439
13 Curriculum and instructional staff development	172,821
21 Instructional leadership	51,122
23 School leadership	230,767
31 Guidance, counseling, & evaluation services	136,254
32 Social work services	11,004
33 Health services	49,692
34 Student (pupil) transportation	311,594
35 Food services	274,823
36 Extracurricular activities	205,828
41 General administration	203,654
51 Facilities maintenance and operations	784,397
52 Security and monitoring services	135,720
53 Data processing services	146,319
61 Community services	21,976
Total depreciation expense - governmental activities	\$ 5,343,551

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.

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 \$220,065,396. The District's outstanding debt of \$69,695,000 less the reserve for the retirement of the debt of \$8,549,293 totals \$61,145,707 leaving a legal debt margin of \$158,919,689.

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, 2023.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

Bonded debt as of June 30, 2023 is as follows:

TABLE 8				
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	\$ 1,425,000
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	24,535,000
Unlimited tax school building bonds, series 2017	2 0%-5 0%	2/15/42	32,985,000	28,850,000
Unlimited tax refunding bonds, series 2018	3 0%-4 0%	2/15/34	8,520,000	7,105,000
				<u>\$ 69,695,000</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, 2023 were as follows:

TABLE 9					
	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Bonds payable:					
Unlimited tax qualified school construction bonds, taxable series 2010	\$ 1,900,000	\$ -	\$ (475,000)	\$ 1,425,000	\$ 475,000
Unlimited tax refunding bonds, series 2015	7,780,000	-	-	7,780,000	-
Unlimited tax refunding bonds, series 2016	26,955,000	-	(2,420,000)	24,535,000	2,550,000
Unlimited tax school building bonds, series 2017	30,425,000	-	(1,575,000)	28,850,000	525,000
Unlimited tax refunding bonds, series 2018	7,130,000	-	(25,000)	7,105,000	25,000
	<u>74,190,000</u>	-	<u>(4,495,000)</u>	<u>69,695,000</u>	<u>3,575,000</u>
Deferred amounts:					
Premium on issuance of bonds	7,399,156	-	(559,530)	6,839,626	-
Discount on issuance of bonds	<u>(188,228)</u>	-	<u>9,571</u>	<u>(178,657)</u>	-
Total bonds payable	81,400,928	-	(5,044,959)	76,355,969	3,575,000
Other liabilities:					
Net Pension Liability	6,488,617	8,994,860	-	15,483,477	-
Net OPEB Liability	14,064,626	-	(5,197,913)	8,866,713	-
Compensated absences	238,145	-	(9,472)	228,673	-
Total other liabilities	20,791,388	8,994,860	(5,207,385)	24,578,863	-
Governmental activities long-term liabilities	<u>\$ 102,192,316</u>	<u>\$ 8,994,860</u>	<u>\$ (10,252,344)</u>	<u>\$ 100,934,832</u>	<u>\$ 3,575,000</u>

Defeased 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, 2023, there were no bonds outstanding considered defeased.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

Debt service requirements to maturity are as follows:

TABLE 10			
Year Ended	General Obligation Bonds		Total
June 30	Principal	Interest	Requirements
2024	\$ 3,575,000	\$ 2,963,425	\$ 6,538,425
2025	3,175,000	2,819,425	5,994,425
2026	3,470,000	2,685,675	6,155,675
2027	3,830,000	2,548,425	6,378,425
2028	4,195,000	2,400,975	6,595,975
2029-2033	23,785,000	9,245,675	33,030,675
2034-2038	15,895,000	4,472,775	20,367,775
2039-2042	11,770,000	1,115,188	12,885,188
	<u>\$ 69,695,000</u>	<u>\$ 28,251,563</u>	<u>\$ 97,946,563</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. As of June 30, 2023, the District does not anticipate any arbitrage liability.

8. LEASES

GASB Statement No. 87, *Leases* (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government's leasing activities. The requirements of this statement were originally effective for the reporting periods beginning after December 31, 2019; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 87 to reporting periods beginning after June 15, 2021, with earlier application encouraged.

GASB 87 had no significant impact to the District's financial statements, therefore are not present within the disclosures.

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). Under GASB 96, a SBITA is defined as a contract that conveys controls of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter, with earlier application encouraged.

GASB 96 had no significant impact to the District's financial statements, therefore are not present within the disclosures.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

10. 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; 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, 2022 are as follows:

TABLE 11	
Net OPEB Liability:	
Total OPEB Liability	\$ 27,061,642,520
Less: Plan Fiduciary Net Position	(3,117,937,218)
Net OPEB Liability	<u>\$ 23,943,705,302</u>
Net Position as a Percentage of Total OPEB Liability	11.52%

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.

TABLE 12		
	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.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

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:

TABLE 13		
	Contribution Rates	
	2022	2023
Member	0.65%	0.65%
Non-Employer Contributing Entity (NECE) (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
2023 Employer Contributions		\$ 322,350
2023 Member Contributions		\$ 236,873
2023 NECE On-Behalf Contributions		\$ 371,016

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 hiring a TRS retiree, employers 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 \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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

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

**SANTA FE INDEPENDENT SCHOOL DISTRICT
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Additional Actuarial Methods and Assumptions:

TABLE 14	
Valuation Date	August 31, 2021, rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
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%*
Health Trend Rates	The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees - 30% 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 3.91% was used to measure the Total OPEB Liability. There was an increase of 1.96% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% point lower than and 1% point higher than the discount rate that was used (3.91%) in measuring the Net OPEB Liability:

TABLE 15			
	1% Decrease in Discount Rate (.291%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of the Net OPEB liability	\$ 10,454,557	\$ 8,866,713	\$ 7,580,355

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2023, the District reported a liability of \$8,866,713 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:

TABLE 16	
District's proportionate share of the collective Net OPEB liability	\$ 8,866,713
State's proportionate share that is associated with the District	10,815,996
Total	<u>\$ 19,682,709</u>

**SANTA FE INDEPENDENT SCHOOL DISTRICT
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The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The 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, 2021 thru August 31, 2022.

For the fiscal years ended June 30, 2023 and 2022, the District's proportion of the collective Net OPEB Liability was as follows:

TABLE 17		
2023	2022	
Measurement Year 8/31/2022	Measurement Year 8/31/2021	Increase/(Decrease)
0.0370310339%	0.0364609721%	0.0005700618%

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.

TABLE 18			
	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	\$ 7,306,211	\$ 8,866,713	\$ 10,889,702

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 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the Total OPEB Liability.
- There were no changes in benefit in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was \$2,347,513.

At June 30, 2023 the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

TABLE 19		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 492,958	\$ 7,386,768
Changes in Actuarial Assumptions	1,350,576	6,160,065
Net Difference Between Projected and Actual Investment Earnings	26,411	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	2,389,005	683,162
District Contributions Paid to TRS Subsequent to the Measurement Date	267,721	-
Total	\$ 4,526,671	\$ 14,229,995

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

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:

TABLE 20	
Year Ended June 30:	OPEB Expense Amount
2023	\$ (1,768,110)
2024	(1,768,016)
2025	(1,392,011)
2026	(882,959)
2027	(1,262,050)
Thereafter	(2,897,899)
	<u>\$ (9,971,045)</u>

For the year ended June 30, 2023, the District recognized OPEB expense of (\$2,347,513) and revenue of (\$1,534,877) for support provided by the State.

11. 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, 2023, 2022, and 2021, the subsidy payments received by TRS-Care on-behalf of the District were \$198,895, \$146,362, and \$147,578, respectively. These payments are recorded as equal revenues and expenditures/expenses in the financial statements.

12. DEFINED BENEFIT PENSION PLAN

Plan Description. The District participates in a cost-sharing multiple employer defined benefit pension plan that has a special funding situation. The pension plan is administered by the TRS. It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund 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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position. Detailed information about the 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://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 pension liability of the pension plan as of August 31, 2022 are as follows:

TABLE 21	
Net Pension Liability	
Total Pension Liability	\$ 243,553,045,455
Less: Plan Fiduciary Net Position	(184,185,617,196)
Net Pension Liability	<u>\$ 59,367,428,259</u>

**SANTA FE INDEPENDENT SCHOOL DISTRICT
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Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered 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.

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.

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.

TABLE 22		
	Contribution Rates	
	2022	2023
Member	8.0%	8.0%
Non-Employer Contributing Entity (NECE) (State)	7.75%	8.0%
Employers	7.75%	8.0%
2023 Employer Contributions		\$ 1,402,801
2023 Member Contributions		\$ 2,917,894
2023 NECE On-Behalf Contributions		\$ 1,929,845

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 retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions. The total pension plan liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

TABLE 23	
Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2020*	3.91%*
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.3%
Salary Increases	2.95% to 8.95% 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, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Discount Rate. The single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity 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 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2022 are summarized below:

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

TABLE 24			
Asset Class	Target Allocation**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity*	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return*	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	-6.0%	3.6%	-0.05%
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
Expected Return	100%		8.19% ^R

*Absolute Return includes Credit Sensitive Investments
**Target allocations are based on the FY2022 policy model
***Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022)
****The volatility drag results from the conversion between arithmetic and geometric mean returns
^R Immaterial rounding difference

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the pension plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate.

TABLE 25			
	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	\$ 24,086,420	\$ 15,483,477	\$ 8,510,388

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the District reported a net pension liability of \$15,483,477 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:

TABLE 26	
District's proportionate share of the collective net pension liability	\$ 15,483,477
State's proportionate share that is associated with the District	24,552,650
Total	<u>\$ 40,036,127</u>

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

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, 2021 through August 31, 2022.

For the fiscal years ended June 30, 2023 and 2022, the District's proportion of the collective Net Pension Liability was as follows:

TABLE 27		
2023	2022	
Measurement Year	Measurement Year	
8/31/2022	8/31/2021	Increase/(Decrease)
0.0260807614%	0.0254790677%	0.0006016937%

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

For the year ended June 30, 2023, the District recognized pension expense of \$4,050,965 and revenue of \$2,346,955 for support provided by the State in the government-wide financial statements.

At June 30, 2023, 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:

TABLE 28		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 224,509	\$ 337,569
Changes in Actuarial Assumptions	2,885,076	719,041
Difference Between Projected and Actual Investment Earnings	1,529,718	-
Changes in Proportion and Difference Between the Employer Contributions and Proportionate Share of Contributions	815,037	912,952
District Contributions Paid to TRS Subsequent to the Measurement Date of the Net Pension Liability	1,174,691	-
Total	<u>\$ 6,629,031</u>	<u>\$ 1,969,562</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:

TABLE 29	
Year Ended 30-Jun-23	Pension Expense Amount
2024	\$ 1,071,704
2025	516,032
2026	8,848
2027	1,655,128
2028	233,066
Thereafter	-
	<u>\$ 3,484,778</u>

13. 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 10). 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**

14. 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, 2023, 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 77th 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 \$14,695 includes an estimate for claims incurred but not reported. This liability, reported in the general fund as of June 30, 2023, 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, 2023 and June 30, 2022, respectively:

TABLE 30		
	2023	2022
Unpaid claims, beginning of the year	\$ 18,626	\$ 22,852
Incurred claims (including IBNR's)	(3,327)	(1,721)
Claim payments	(604)	(2,505)
Unpaid claims, end of the year	<u>\$ 14,695</u>	<u>\$ 18,626</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 2022-2023. 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
NOTES TO THE FINANCIAL STATEMENTS**

Unemployment

During the year ended June 30, 2023, 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, 2023, 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. 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, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

15. 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, 2023 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.

16. ENCUMBRANCES AND COMMITMENTS

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.

17. 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

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

the Foundation are not financially significant to the overall operations to the District, and therefore are not reported in the District's financial statements.

18. DEFICIT NET POSITION

At June 30, 2023, the District reported a deficit balance of \$49,974 in the proprietary fund statements. The deficit was caused by additional expenses related to its print shop function. The general fund is ultimately responsible for the deficit.

At June 30, 2023, the District reported a deficit balance of \$4,531,179 on the statement of net position caused by the implementation of GASB statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

19. EXCESS EXPENDITURES OVER APPROPRIATIONS

The TEA requires the budgets for the General Fund, Debt Service Fund, and Child Nutrition Program 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, 2023, expenditures exceeded appropriations in the following functional categories:

TABLE 31				
Fund	Function	Final Budget	Actual	Variance
General	11-Instruction	\$ 24,638,594	\$ 24,935,216	\$ (296,622)
	21-Instructional Leadership	555,248	566,381	(11,133)
	23-School Leadership	2,525,055	2,564,539	(39,484)
	31-Guidance, Counseling, and Evaluation Services	1,215,453	1,229,061	(13,608)
	33-Health Services	492,832	501,194	(8,362)
	41-General Administration	2,155,729	2,216,113	(60,384)
	51-Facilities Maintenance and Operations	8,315,155	8,612,279	(297,124)
	52-Security and Monitoring Services	1,238,410	1,279,021	(40,611)
	53-Data Processing Services	1,491,491	1,633,947	(142,456)
	81-Facilities Acquisition and Construction	10,000	24,598	(14,598)

20. SUBSEQUENT EVENTS

On July 31, 2023, the District authorized the issuance of Maintenance Tax Notes, Series 2023 totaling \$5,050,000. The loan bears interest at 3.94% and are due in annual installments ranging from \$400,000 to \$735,000 through February 15, 2031. The loan will be used for the repair, rehabilitation, renovation, replacement and equipment to existing school facilities (including improvements to HVAC and Building Automation Systems), as described in the Resolution, in accordance with the provisions of the Act. Proceeds of the loan will also be used to pay the costs of issuance.

In preparing the financial statements, the District has evaluated subsequent events through November 13, 2023, 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

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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, 2023

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	\$ 20,581,500	\$ 20,581,500	\$ 20,365,429	\$ (216,071)
5800 State Program Revenues	23,900,000	23,750,000	20,696,358	(3,053,642)
5900 Federal Program Revenues	2,795,684	4,048,835	2,663,953	(1,384,882)
5020 Total Revenues	47,277,184	48,380,335	43,725,740	(4,654,595)
EXPENDITURES:				
Current:				
0011 Instruction	24,138,907	24,638,594	24,935,216	(296,622)
0012 Instructional Resources and Media Services	420,393	419,393	418,077	1,316
0013 Curriculum and Instructional Staff Development	1,392,934	1,365,479	1,363,073	2,406
0021 Instructional Leadership	541,755	555,248	566,381	(11,133)
0023 School Leadership	2,530,587	2,525,055	2,564,539	(39,484)
0031 Guidance, Counseling, and Evaluation Services	1,062,565	1,215,453	1,229,061	(13,608)
0032 Social Work Services	106,369	123,369	122,879	490
0033 Health Services	442,832	492,832	501,194	(8,362)
0034 Student (Pupil) Transportation	3,167,206	3,452,206	3,450,630	1,576
0035 Food Services	117,160	127,160	125,634	1,526
0036 Extracurricular Activities	1,127,172	1,130,811	1,128,251	2,560
0041 General Administration	2,119,229	2,155,729	2,216,113	(60,384)
0051 Facilities Maintenance and Operations	7,394,275	8,315,155	8,612,279	(297,124)
0052 Security and Monitoring Services	1,213,411	1,238,410	1,279,021	(40,611)
0053 Data Processing Services	1,225,327	1,491,491	1,633,947	(142,456)
0061 Community Services	177,468	177,468	175,233	2,235
Debt Service:				
0071 Principal on Long-Term Liabilities	-	1,000,000	-	1,000,000
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	10,000	24,598	(14,598)
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	92,500	86,280	55,396	30,884
6030 Total Expenditures	47,270,090	50,520,133	50,401,522	118,611
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	7,094	(2,139,798)	(6,675,782)	(4,535,984)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	741,000	741,000
1200 Net Change in Fund Balances	7,094	(2,139,798)	(5,934,782)	(3,794,984)
0100 Fund Balance - July 1 (Beginning)	13,211,832	13,211,832	13,211,832	-
3000 Fund Balance - June 30 (Ending)	\$ 13,218,926	\$ 11,072,034	\$ 7,277,050	\$ (3,794,984)

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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.026080761%	0.025479068%	0.027006729%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 15,483,477	\$ 6,488,617	\$ 14,464,253
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	24,552,650	10,967,176	22,761,633
Total	<u>\$ 40,036,127</u>	<u>\$ 17,455,793</u>	<u>\$ 37,225,886</u>
District's Covered Payroll	\$ 34,551,485	\$ 32,948,249	\$ 32,638,457
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	44.81%	19.69%	44.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.028874063%		0.025522338%		0.024963169%		0.022931223%		0.0235476%		0.0143173%	
\$	15,009,641	\$	14,048,114	\$	7,981,877	\$	8,665,368	\$	8,323,763	\$	3,824,349
21,241,884		23,435,576		13,644,899		16,575,822		15,786,492		13,558,185	
\$	36,251,525	\$	37,483,690	\$	21,626,776	\$	25,241,190	\$	24,110,255	\$	17,382,534
\$	30,920,380	\$	29,473,443	\$	27,666,114	\$	26,295,848	25,156,791	\$	23,961,496	
48.54%		47.66%		28.85%		32.95%		33.08%		15.96%	
75.24%		73.74%		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 2023

	2023	2022	2021
Contractually Required Contribution	\$ 1,402,801	\$ 1,162,782	\$ 1,095,396
Contribution in Relation to the Contractually Required Contribution	(1,402,801)	(1,162,782)	(1,095,396)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 36,440,186	\$ 34,166,265	\$ 32,831,985
Contributions as a Percentage of Covered Payroll	3.85%	3.40%	3.34%

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.

2020	2019	2018	2017	2016	2015
\$ 1,103,962	\$ 969,935	\$ 848,880	\$ 813,132	\$ 610,244	\$ 652,641
(1,103,962)	(969,935)	(848,880)	(813,132)	(610,244)	(652,641)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 32,407,855	\$ 30,554,638	\$ 29,211,073	\$ 27,570,721	\$ 21,822,729	\$ 25,156,791
3.41%	3.17%	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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.037031034%	0.036460972%	0.037875465%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 8,866,713	\$ 14,064,626	\$ 14,398,175
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	10,815,996	18,843,465	19,347,696
Total	<u>\$ 19,682,709</u>	<u>\$ 32,908,091</u>	<u>\$ 33,745,871</u>
District's Covered Payroll	\$ 34,551,485	\$ 32,946,417	\$ 31,761,539
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	25.66%	42.69%	45.33%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.037882093%	0.034540923%	0.03116958%
\$ 17,914,906	\$ 17,246,599	\$ 13,554,481
23,804,903	24,900,401	22,180,424
<u>\$ 41,719,809</u>	<u>\$ 42,147,000</u>	<u>\$ 35,734,905</u>
\$ 30,920,380	\$ 29,473,443	\$ 27,666,114
57.94%	58.52%	48.99%
2.66%	1.57%	0.91%

SANTA FE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 322,350	\$ 297,579	\$ 276,264
Contribution in Relation to the Contractually Required Contribution	(322,350)	(297,579)	(276,264)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 36,440,186	\$ 34,166,265	\$ 31,953,234
Contributions as a Percentage of Covered Payroll	0.88%	0.87%	0.86%

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.

2020			2019		
			2018		
\$	285,143	\$	275,132	\$	220,168
	(285,143)		(275,132)		(220,168)
\$	-	\$	-	\$	-
\$	32,407,855	\$	30,554,638	\$	29,211,073
	0.88%		0.90%		0.75%

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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, 2023.

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 2023 was prepared for adoption for budgeted governmental fund types by June 30, 2022. 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.

The TEA requires the budgets for the General Fund, Debt Service Fund, and Child Nutrition Program, and 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, 2023, expenditures exceeded appropriations in the following functional categories:

TABLE 32				
Fund	Function	Final Budget	Actual	Variance
General	11-Instruction	\$ 24,638,594	\$ 24,935,216	\$ (296,622)
	21-Instructional Leadership	555,248	566,381	(11,133)
	23-School Leadership	2,525,055	2,564,539	(39,484)
	31-Guidance, Counseling, and Evaluation Services	1,215,453	1,229,061	(13,608)
	33-Health Services	492,832	501,194	(8,362)
	41-General Administration	2,155,729	2,216,113	(60,384)
	51-Facilities Maintenance and Operations	8,315,155	8,612,279	(297,124)
	52-Security and Monitoring Services	1,238,410	1,279,021	(40,611)
	53-Data Processing Services	1,491,491	1,633,947	(142,456)
	81-Facilities Acquisition and Construction	10,000	24,598	(14,598)

**SANTA FE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

Changes of Assumptions

The following were changes to the actuarial assumptions or other inputs that affected the measurement of the net pension liability since the prior measurement period:

- The discount rate changed from 7.25% to 7%.
- There were no changes in benefit terms since the prior measurement date.

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 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased 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, 2023

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
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 26,909	\$ -	\$ -
1240	Due from Other Governments	90,939	50,871	4,320	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 90,939</u>	<u>\$ 77,780</u>	<u>\$ 4,320</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll Deductions and Withholdings Payable	-	-	-	-
2160	Accrued Wages Payable	54,747	77,780	2,931	-
2170	Due to Other Funds	36,192	-	1,389	-
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>90,939</u>	<u>77,780</u>	<u>4,320</u>	<u>-</u>
FUND BALANCES					
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>\$ 90,939</u>	<u>\$ 77,780</u>	<u>\$ 4,320</u>	<u>\$ -</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	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	283 ESSER-SUPP
\$ 848,441	\$ 2,209	\$ 4,996	\$ -	\$ -	\$ -	\$ -	\$ -
-	12,996	-	6,619	17,183	7,156	242,137	106,251
-	-	-	-	-	-	-	-
53,609	-	-	-	-	-	-	-
28,000	-	-	-	-	-	-	-
<u>\$ 930,050</u>	<u>\$ 15,205</u>	<u>\$ 4,996</u>	<u>\$ 6,619</u>	<u>\$ 17,183</u>	<u>\$ 7,156</u>	<u>\$ 242,137</u>	<u>\$ 106,251</u>
\$ 5,101	\$ 13,581	\$ 2,244	\$ -	\$ 16,298	\$ -	\$ -	\$ 317
-	-	-	25	-	-	625	56
133,101	-	561	3,777	-	-	98,689	7,488
264,361	1,624	-	2,817	885	7,156	142,823	98,390
-	-	-	-	-	-	-	-
-	-	2,191	-	-	-	-	-
<u>402,563</u>	<u>15,205</u>	<u>4,996</u>	<u>6,619</u>	<u>17,183</u>	<u>7,156</u>	<u>242,137</u>	<u>106,251</u>
53,609	-	-	-	-	-	-	-
28,000	-	-	-	-	-	-	-
445,878	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>527,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 930,050</u>	<u>\$ 15,205</u>	<u>\$ 4,996</u>	<u>\$ 6,619</u>	<u>\$ 17,183</u>	<u>\$ 7,156</u>	<u>\$ 242,137</u>	<u>\$ 106,251</u>

SANTA FE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	397 Advanced Placement Incentives	410 State Instructional Materials
ASSETS					
1110	Cash and Cash Equivalents	\$ 16	\$ -	\$ 9,722	\$ -
1240	Due from Other Governments	-	-	-	85,601
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 9,722</u>	<u>\$ 85,601</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll Deductions and Withholdings Payable	16	-	-	-
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	85,601
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>16</u>	<u>-</u>	<u>-</u>	<u>85,601</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3430	Prepaid Items	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	9,722	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>9,722</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 9,722</u>	<u>\$ 85,601</u>

429 Other State Special Revenue Funds	461 Campus Activity Funds	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 121,747	\$ 867,896	\$ -	\$ 2,303	\$ 1,884,239
109,250	-	3	17,156	750,482
-	-	-	8,668	8,668
-	-	-	-	53,609
-	-	-	-	28,000
<u>\$ 230,997</u>	<u>\$ 867,896</u>	<u>\$ 3</u>	<u>\$ 28,127</u>	<u>\$ 2,724,998</u>
\$ 144,890	\$ 81,823	\$ -	\$ 436	\$ 264,690
106	-	-	-	828
2,099	-	-	-	381,173
53,660	1,130	3	25,804	721,835
-	558	-	-	558
13,942	-	-	-	16,133
<u>214,697</u>	<u>83,511</u>	<u>3</u>	<u>26,240</u>	<u>1,385,217</u>
-	-	-	-	53,609
-	-	-	-	28,000
16,300	-	-	-	471,900
-	-	-	1,887	1,887
-	784,385	-	-	784,385
<u>16,300</u>	<u>784,385</u>	<u>-</u>	<u>1,887</u>	<u>1,339,781</u>
<u>\$ 230,997</u>	<u>\$ 867,896</u>	<u>\$ 3</u>	<u>\$ 28,127</u>	<u>\$ 2,724,998</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, 2023

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	461,448	816,306	24,281	-
5020 Total Revenues	461,448	816,306	24,281	-
EXPENDITURES:				
Current:				
0011 Instruction	461,002	278,203	24,281	-
0013 Curriculum and Instructional Staff Development	176	284,525	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	70,093	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	270	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	183,485	-	-
6030 Total Expenditures	461,448	816,306	24,281	-
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	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	283 ESSER-SUPP
\$ 1,275,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12,325	-	-	-	-	-	-	-
1,660,671	40,788	154,623	30,627	45,472	23,925	904,155	216,776
2,948,536	40,788	154,623	30,627	45,472	23,925	904,155	216,776
-	34,894	-	30,627	45,472	23,925	824,286	144,575
-	863	137,375	-	-	-	79,297	18,487
-	4,500	-	-	-	-	-	-
-	-	12,433	-	-	-	-	-
-	-	4,815	-	-	-	-	-
-	-	-	-	-	-	-	53,714
2,943,314	-	-	-	-	-	-	-
-	531	-	-	-	-	-	-
-	-	-	-	-	-	-	-
133,204	-	-	-	-	-	-	-
-	-	-	-	-	-	572	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,076,518	40,788	154,623	30,627	45,472	23,925	904,155	216,776
(127,982)	-	-	-	-	-	-	-
655,469	-	-	-	-	-	-	-
\$ 527,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SANTA FE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	397 Advanced Placement Incentives	410 State Instructional Materials
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	220,426
5900 Federal Program Revenues	87,496	5,020	-	-
5020 Total Revenues	87,496	5,020	-	220,426
EXPENDITURES:				
Current:				
0011 Instruction	48,279	2,678	-	220,426
0013 Curriculum and Instructional Staff Development	23,573	2,342	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	9,859	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	5,785	-	-	-
6030 Total Expenditures	87,496	5,020	-	220,426
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	9,722	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ 9,722	\$ -

429 Other State Special Revenue Funds	461 Campus Activity Funds	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ 1,375,052	\$ -	\$ 70,120	\$ 2,720,712
495,501	-	-	4,048	732,300
-	-	-	-	4,471,588
495,501	1,375,052	-	74,168	7,924,600
363,097	-	-	-	2,501,745
14,095	-	-	4,048	564,781
-	-	-	-	4,500
-	-	-	-	12,433
-	-	-	-	84,767
-	-	-	-	53,714
-	-	-	-	2,943,314
9,017	1,160,683	-	-	1,170,231
57,851	-	-	238	58,089
-	-	-	-	133,204
51,441	-	-	-	52,013
-	-	-	69,882	70,152
-	-	-	-	189,270
495,501	1,160,683	-	74,168	7,838,213
-	214,369	-	-	86,387
16,300	570,016	-	1,887	1,253,394
\$ 16,300	\$ 784,385	\$ -	\$ 1,887	\$ 1,339,781

SANTA FE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2023

	865 Custodial Fund Student Activity Acct	899 Other Custodial Funds	Total Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ 64,843	\$ 7,046	\$ 71,889
Due from Other Funds	1,130	-	1,130
Total Assets	<u>65,973</u>	<u>7,046</u>	<u>73,019</u>
LIABILITIES			
Accounts Payable	<u>909</u>	<u>319</u>	<u>1,228</u>
Total Liabilities	<u>909</u>	<u>319</u>	<u>1,228</u>
NET POSITION			
Restricted for Campus Activities	-	6,727	6,727
Restricted for Student Groups	<u>65,064</u>	<u>-</u>	<u>65,064</u>
Total Net Position	<u><u>\$ 65,064</u></u>	<u><u>\$ 6,727</u></u>	<u><u>\$ 71,791</u></u>

SANTA FE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR FISCAL YEAR 2023

	865 Custodial Fund Student Activity Acct	899 Other Custodial Funds	Total Custodial Funds
ADDITIONS:			
Enterprising Services Revenue	\$ 85,670	\$ 7,105	\$ 92,775
Total Additions	<u>85,670</u>	<u>7,105</u>	<u>92,775</u>
DEDUCTIONS:			
Other Deductions	<u>71,263</u>	<u>6,545</u>	<u>77,808</u>
Total Deductions	<u>71,263</u>	<u>6,545</u>	<u>77,808</u>
Change in Net Position	14,407	560	14,967
Net Position - July 1 (Beginning)	<u>50,657</u>	<u>6,167</u>	<u>56,824</u>
Net Position - June 30 (Ending)	<u><u>\$ 65,064</u></u>	<u><u>\$ 6,727</u></u>	<u><u>\$ 71,791</u></u>

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COMPLIANCE SCHEDULES

SANTA FE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2023

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ Various
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	0.919300	0.362300	1,811,444,587
2022	0.872000	0.362300	2,071,133,355
2023 (School year under audit)	0.854600	0.362300	2,200,653,957
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.115, Tax Code			

(10) Beginning Balance 7/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2023
\$ 335,260	\$ -	\$ 38,460	\$ 7,268	\$ 74,588	\$ 364,120
48,361	-	1,104	420	-	46,837
44,417	-	2,262	820	-	41,335
53,120	-	3,266	1,138	-	48,716
73,315	-	5,929	2,065	(4,111)	61,210
95,045	-	13,281	4,627	328	77,465
140,935	-	23,724	8,861	391	108,741
230,752	-	56,661	22,314	(21,566)	130,211
937,653	-	400,980	166,983	(139,596)	230,094
-	26,779,758	18,175,381	7,705,290	-	899,087
<u>\$ 1,958,858</u>	<u>\$ 26,779,758</u>	<u>\$ 18,721,048</u>	<u>\$ 7,919,786</u>	<u>\$ (89,966)</u>	<u>\$ 2,007,816</u>
	\$	11,064			

Reconciliation of Ending Balance per Exhibit J-1 to Balance per Exhibits A-1 and C-1:

Ending Balance per Exhibit J-1	\$ 2,007,816
Accrued Penalties and Interest on Delinquent Property Taxes Receivable	1,231,338
Property Taxes - Delinquent per Exhibits A-1 and C-1	\$ 3,239,154

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, 2023

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	\$ 535,000	\$ 535,000	\$ 1,275,540	\$ 740,540
5800	State Program Revenues	6,000	6,000	12,325	6,325
5900	Federal Program Revenues	2,150,000	2,255,485	1,660,671	(594,814)
5020	Total Revenues	2,691,000	2,796,485	2,948,536	152,051
EXPENDITURES:					
Current:					
0035	Food Services	2,644,000	3,045,117	2,943,314	101,803
0051	Facilities Maintenance and Operations	47,000	147,000	133,204	13,796
6030	Total Expenditures	2,691,000	3,192,117	3,076,518	115,599
1200	Net Change in Fund Balances	-	(395,632)	(127,982)	267,650
0100	Fund Balance - July 1 (Beginning)	655,469	655,469	655,469	-
3000	Fund Balance - June 30 (Ending)	\$ 655,469	\$ 259,837	\$ 527,487	\$ 267,650

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, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 6,585,000	\$ 6,585,000	\$ 8,226,973	\$ 1,641,973
5800 State Program Revenues	-	-	384,838	384,838
5020 Total Revenues	6,585,000	6,585,000	8,611,811	2,026,811
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	4,574,164	4,574,164	4,499,693	74,471
0072 Interest on Long-Term Liabilities	3,300,000	3,300,000	3,138,050	161,950
0073 Bond Issuance Cost and Fees	75,000	75,000	13,730	61,270
6030 Total Expenditures	7,949,164	7,949,164	7,651,473	297,691
1200 Net Change in Fund Balances	(1,364,164)	(1,364,164)	960,338	2,324,502
0100 Fund Balance - July 1 (Beginning)	7,673,927	7,673,927	7,673,927	-
3000 Fund Balance - June 30 (Ending)	\$ 6,309,763	\$ 6,309,763	\$ 8,634,265	\$ 2,324,502

SANTA FE INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	3359202
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	2239971

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	167756
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	666485

FEDERAL AWARDS SECTION

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MAYS & ASSOCIATES^{PLLC}
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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2023-1.

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 13, 2023



MAYS & ASSOCIATES^{PLLC}
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

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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


Mays & Associates, PLLC

**SANTA FE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified?	_____ 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)?	_____ yes	_____ <u>X</u> no

Major programs:

CFDA Number(s)	Name of Federal Program or Cluster
32.009	Emergency Connectivity Fund
10.553; 10.555	Child Nutrition Cluster
84.425	Education Stabilization Funds
97.036	Disaster Grants - FEMA

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	_____ no

**SANTA FE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

II. FINANCIAL STATEMENT FINDINGS

2023-1 Excess Expenditures over Appropriations

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

Cause and Effect: Expenditures exceeded appropriations in several functional categories. Budget amendments were approved during the year; however, unexpected expenditures at year end caused expenditures to exceed the amended functional category budget. The budget was also amended among the various functions in anticipation of the new GASB standard.

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 Trustee 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**

None Noted

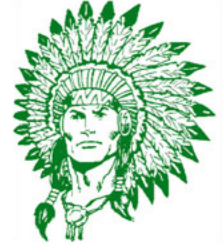
SANTA FE INDEPENDENT SCHOOL DISTRICT



P.O. BOX 370
SANTA FE, TEXAS 77510-0370

PHONE: (409) 925-3526
FAX: (409) 925-4002
www.sfsd.org

Alejandro Sanchez
Chief Financial Officer



CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

2023-1 Excess Expenditures 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 Dates: November 30, 2024.

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

An Equal Opportunity Employer

SANTA FE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL COMMUNICATIONS COMMISSION			
<u>Direct Programs</u>			
Emergency Connectivity Fund	32.009	ECF202201413	\$ 1,254,689
Total Direct Programs			1,254,689
TOTAL FEDERAL COMMUNICATIONS COMMISSION			1,254,689
U.S. DEPARTMENT OF HOMELAND SECURITY			
<u>Passed Through Texas Dept. of Emergency Mgmt.</u>			
Disaster Grants - FEMA Hurricane Reimbursements	97.036	4332DRTXP00073931	1,408,560
Total Passed Through Texas Dept. of Emergency Mgmt.			1,408,560
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			1,408,560
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101084909	16,752
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101084909	475,696
Total Assistance Listing Number 84.010			492,448
*IDEA - Part B, Formula	84.027A	226600010849096600	33,593
*IDEA - Part B, Formula	84.027A	236600010849096600	782,713
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027X	225350010849095350	87,496
Total Assistance Listing Number 84.027			903,802
Total Special Education Cluster (IDEA)			933,103
Career and Technical - Basic Grant	84.048A	23420006084909	42,412
*IDEA - Part B, Preschool	84.173A	236610010849096610	24,281
*COVID 19 - IDEA, Part B, Preschool- (ARP)	84.173X	225360010849095360	5,020
Total Assistance Listing Number 84.173			29,301
Total Special Education Cluster (IDEA)			933,103
Title III, Part A - English Language Acquisition	84.365A	22671001084909	6,865
Title III, Part A - English Language Acquisition	84.365A	23671001084909	25,189
Total Assistance Listing Number 84.365			32,054
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22694501084909	70,737
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501084909	93,099
Total Assistance Listing Number 84.367			163,836
COVID 19 - ESSER II - School Emergency Relief	84.425D	21521001084909	23,925
COVID 19 - ESSER III - School Emergency Relief	84.425U	21528001084909	904,155
COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425U	21528042084909	95,472
COVID 19 - Supplemental ESSER Fund	84.425U	21528043084909	226,643
Total Assistance Listing Number 84.425			1,250,195
LEP Summer School	84.369A	69552102	1,439
LEP Summer School	84.369A	69552202	1,479
Total Assistance Listing Number 84.369			2,918
Title IV, Part A, Subpart 1	84.424A	22680101084909	12,564

SANTA FE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Title IV, Part A, Subpart 1	84.424A	23680101084909	29,323
Total Assistance Listing Number 84.424			41,887
Total Passed Through Texas Education Agency			2,958,853
TOTAL U.S. DEPARTMENT OF EDUCATION			2,958,853
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900198	26,427
Total Passed Through Texas Health and Human Services Commission			26,427
<u>Passed Through Texas Education Agency</u>			
ELC Reopening Schools	93.323	39352201	43,201
Total Passed Through Texas Education Agency			43,201
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			69,628
U.S. DEPARTMENT OF JUSTICE			
<u>Direct Programs</u>			
Crime Victim Assistance	16.575	VA19PY20	25,211
Crime Victim Assistance	16.575	2021-CS-21027	192,980
Total Assistance Listing Number 16.575			218,191
Public Safety Partnership and Community Policing Grant	16.710	15JCOPS-22-GG-04185-	130,200
Total Direct Programs			348,391
TOTAL U.S. DEPARTMENT OF JUSTICE			348,391
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402301	374,404
*National School Lunch Program - Cash Assistance	10.555	71302301	1,287,999
*National School Lunch Prog. - Non-Cash Assistance	10.555	084909	142,466
Supply Chain Assistance Grant	10.555	6TX300400	132,276
Total Assistance Listing Number 10.555			1,562,741
Total Child Nutrition Cluster			1,937,145
Total Passed Through the Texas Department of Agriculture			1,937,145
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,937,145
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,977,266
*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

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, 2023. 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, 2023 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.

5. Reconciliation of Federal Program Revenues:

Total Expenditures of Federal Awards	\$ 7,977,266
Plus:	-
School Health and Related Services (SHARS)	<u>804,800</u>
Total Federal Program Revenues	<u>\$ 8,782,066</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

Exhibit L-1

SANTA FE INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2023

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