

SANTA MARIA INDEPENDENT SCHOOL DISTRICT



Annual Financial Report For the fiscal year ended August 31, 2023

Raul Hernandez & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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SANTA MARIA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
AUGUST 31, 2023

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ANNUAL FINANCIAL REPORT
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CERTIFICATE OF BOARD

Santa Maria Independent School District
Name of School District

Cameron
County

031913
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ✓ approved _____ disapproved for the year ended August 31, 2023 at a meeting of the Board of Trustees of such school district on the 25 of January, 2024.



Signature of Board Secretary



Signature of Board President

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

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Santa Maria Independent School District
P.O. Box 448
Santa Maria, Texas 78592

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Maria Independent School District (the "District"), as of and for the year ended August 31, 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 August 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Santa Maria Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in the notes to the financial statements, in 2023, Santa Maria Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 statements, required TEA schedules, and the Schedule of Expenditures of Federal Awards, as required by audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 statements, required TEA schedules, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report January 25, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Raul Hernandez & Company, P.C.

Corpus Christi, Texas

January 25, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Santa Maria Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2023. Please read it in conjunction with the independent auditors' report on page 1, and the District's Basic Financial Statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The District's total combined net positions were \$4,943,321 and \$4,763,900, for fiscal years ending August 31, 2023 and 2022, respectively.
- The District's expenses were \$13,360,739, which is \$1,097,655 more than the 2022 amount of \$12,263,084.
- The General Fund reported a fund balance of \$3,397,105 and \$3,569,903 for fiscal years ending August 31, 2023 and 2022, respectively.
- The Debt Service Fund ended the year with a fund balance of \$19,684, which represents an increase of \$77,711 from the prior year.
- Revenues from governmental activities were \$13,540,160 which represents a (\$305,926) decrease from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.
- *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.
- *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.
- *Other information*. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the district's progress in funding its obligation to provide pension benefits to its employees. Immediately following the required supplementary information on pensions are the two budgetary schedules on the general fund and major special revenue fund. The combining statements in connection to nonmajor governmental funds and fiduciary funds are then presented.

The financial statements also include notes that explain some of the information in the financial statements and provide data that are more detailed. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1 Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<u>Scope</u>	Entire district Government (except) Fiduciary funds) and the district's component units	The activities of the district that are not proprietary or fiduciary	Activities of District similar to private business; self insurance	Instances in which the district is the trustee or agent for someone else's resources
<u>Required Financial net position Statements</u>	Statement of Net position Statement of Activities	Balance Sheet Statement of revenues, expenditures & changes in fund balances Statement of cash flows	Statement of net position Statement of rev, exp, & changes in net position Statement of flows	Statement of fiduciary Statement of in fiduciary net position
<u>Accounting basis and measurement focus</u>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial	Accrual accounting and economic focus	Accrual accounting economic resources focus

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 13 and 14). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 15) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were

sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

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

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

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 13. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 15 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's governmental funds use the following accounting approach:

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

- The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position on page 21. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District implemented GASB Statement #34 in a prior year. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental-type activities between current and prior year.

Net position of the District's governmental activities increased from \$4,763,900 to \$4,943,321 due, in part, to revenues exceeding expenditures. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$3,052,785) at August 31, 2023 which represents a \$24,707 increase from prior year. The District's revenues exceeded the expenditures by \$179,421. The District paid bonds and other long-term debt in the amount of \$521,862. Furthermore, acquired capital assets, including completed capital projects, amounted to a net after disposals, before depreciation, of \$600,160. The District recorded depreciation in the amount of \$848,731. In addition, accumulated depreciation was \$9,611,149 as of August 31, 2023. (See note D on page 35)

Total Revenue decreased by (\$305,926) in fiscal year 2023. Operating Grants and Contributions accounted for a majority of the increase. Total Expenditures increased by \$1,097,655 during the year. Instruction and Security and Monitoring Services accounted for a majority of the increase.

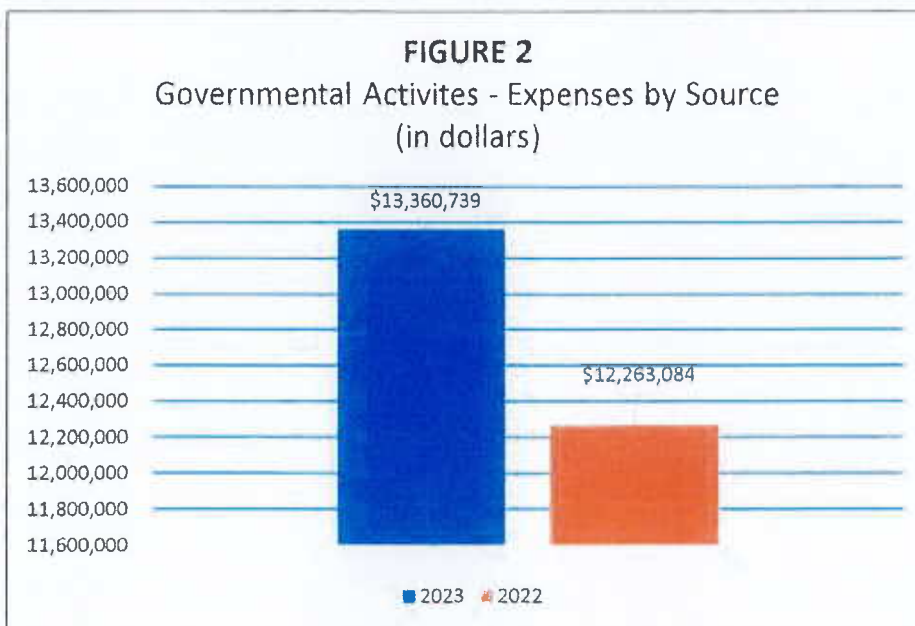
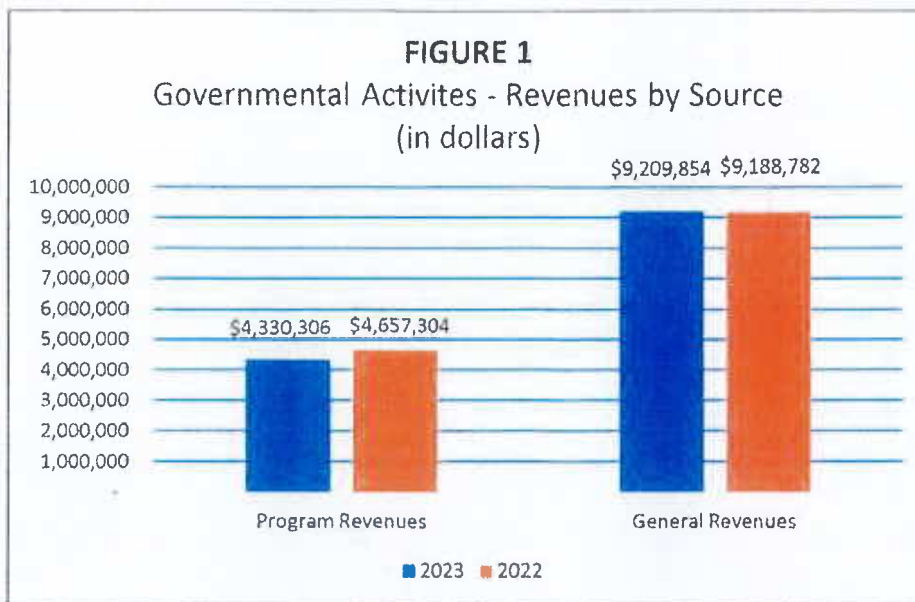
The District has no business-type activities.

Table 1
SANTA MARIA INDEPENDENT
SCHOOL DISTRICT

ASSETS	Governmental Activities		Change
	2023	2022	
Cash and Cash Equivalents	\$ 1,262,412	\$ 1,995,553	\$ (733,141)
Current Investments	1,152,792	1,101,680	51,112
Property Taxes Receivable (Delinquent)	210,066	172,784	37,282
Allowance for Uncollectible Taxes	(31,510)	(25,918)	(5,592)
Due from Other Governments	1,781,622	1,660,191	121,431
Due from Fiduciary Funds	144	500	(356)
Other Receivables, net	161,889	4,107	157,782
Inventories	13,782	4,458	9,324
Total Current Assets:	4,551,197	4,913,355	(362,158)
Capital Assets:			
Land	247,824	247,824	-
Buildings, Net	19,736,120	17,259,108	2,477,012
Furniture and Equipment, Net	737,180	863,668	(126,488)
Right-to-Use Leased Asset, Net	29,126	41,609	(12,483)
Construction in Progress	68,416	2,655,030	(2,586,614)
Total Noncurrent Assets	20,818,666	21,067,239	(248,573)
Total Assets	\$ 25,369,863	\$ 25,980,594	\$ (610,731)
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge for Refunding	10,175	11,629	(1,454)
Deferred Outflow Related to TRS Pension	1,294,012	915,937	378,075
Deferred Outflow Related to TRS OPEB	1,200,110	1,402,479	(202,369)
Total Deferred Outflows of Resources	2,504,297	2,330,045	174,252
LIABILITIES			
Accounts Payable	\$ 27,740	\$ 58,830	\$ (31,090)
Interest Payable	16,207	16,930	(723)
Accrued Wages Payable	174,412	185,530	(11,118)
Due to Fiduciary Funds	10,573	10,573	-
Due to Other Governments	54,715	2,124	52,591
Accrued Expenses	3,727	3,947	(220)
Noncurrent Liabilities			
Due Within One Year	537,277	516,862	20,415
Due in More Than One Year	13,231,711	13,773,988	(542,277)
Net Pension Liability (District's Share)	2,953,462	1,244,665	1,708,797
Net OPEB Liability (District's Share)	1,926,532	3,183,715	(1,257,183)
Total Liabilities	18,936,356	18,997,164	(60,808)
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow Related to TRS Pension	392,956	165,121	227,835
Deferred Inflow Related to TRS OPEB	3,601,528	2,898,323	703,205
Total Deferred Inflows of Resources	3,994,484	3,063,444	931,040
NET POSITION			
Net Investment in Capital Assets	7,059,854	6,788,017	271,837
Restricted for Federal and State Programs	343,165	160,712	182,453
Restricted for Debt Service	19,684	-	19,684
Restricted for Capital Projects	573,403	892,663	(319,260)
Unrestricted	(3,052,785)	(3,077,492)	24,707
Total Net Position	\$ 4,943,321	\$ 4,763,900	\$ 179,421

Table II
SANTA MARIA INDEPENDENT SCHOOL DISTRICT
CHANGES IN POSITION

	Governmental Activities 2023	Governmental Activities 2022	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 269,391	\$ 163,224	\$ 106,167
Operating Grants and Contributions	4,060,915	4,494,080	(433,165)
General Revenues:			
Property Taxes	1,322,917	1,072,095	250,822
Grants and Contributions not Restricted	7,644,520	8,052,087	(407,567)
Investment Earnings	85,907	19,413	66,494
Miscellaneous Revenue	156,510	45,187	111,323
Total Revenue	<u>13,540,160</u>	<u>13,846,086</u>	<u>(305,926)</u>
Expenses:			
Instruction	6,682,785	5,872,522	810,263
Instructional Resources and Media Services	63,018	134,229	(71,211)
Curriculum and Instructional Staff Development	208,253	301,002	(92,749)
Instructional Leadership	353,010	424,293	(71,283)
School Leadership	517,958	474,801	43,157
Guidance, Counseling, and Evaluation Services	243,138	180,668	62,470
Social Work Services	51,528	38,023	13,505
Health Services	129,193	101,305	27,888
Student (Pupil) Transportation	407,344	355,607	51,737
Food Services	672,206	673,184	(978)
Extracurricular Activities	589,999	420,731	169,268
General Administration	894,216	849,206	45,010
Facilities Maintenance and Operations	1,311,726	1,307,579	4,147
Security and Monitoring Services	359,543	182,555	176,988
Data Processing Services	191,858	286,983	(95,125)
Community Services	120,535	123,821	(3,286)
Debt Service - Interest on Long Term Debt	403,339	426,282	(22,943)
Debt Service - Bond Issuance Costs and Fees	4,900	4,050	850
Payments Related to Shared Services Arrangements	111,207	78,862	32,345
Other Intergovernmental Charges	44,983	27,381	17,602
Total Expenses	<u>13,360,739</u>	<u>12,263,084</u>	<u>1,097,655</u>
Change in Net Position	179,421	1,583,002	(1,403,581)
Net Position - Beginning of Year	4,763,900	3,320,285	1,443,615
Prior Period Adjustment	-	(139,387)	139,387
Net Position - End of Year	<u>\$ 4,943,321</u>	<u>\$ 4,763,900</u>	<u>\$ 179,421</u>



As the District completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$4,101,474, which represents a net decrease of (\$404,011) over last year's total of \$4,505,485. The decrease is due, in part, to Capital Project expenditures.

The District's General Fund balance of \$3,397,105 reported on page 56 differs from the General Fund's budgetary fund balance of \$3,549,903 reported in the budgetary comparison schedule, which is a difference of \$152,798.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had \$30.4 million invested in a broad range of capital assets, including land, construction in progress, buildings, vehicles, and furniture & equipment.

This year's major additions included:

	2023	2022
Land	\$ 247,824	\$ 247,824
Construction in Progress	68,416	2,655,030
Buildings & Improvements	27,739,158	24,573,321
Furniture and Equipment	1,160,259	1,139,323
Vehicles	1,151,746	1,151,746
Right-to-use lease assets - equipment	62,413	62,413
Totals at Historical Cost	30,429,816	29,829,657
Accumulated Depreciation	(9,611,149)	(8,762,418)
Total Capital Assets (Net)	\$ 20,818,666	\$ 21,067,239

More detailed information about the District's capital assets is presented in Note D (page 35) to the financial statements.

Debt

At year-end, the District had \$13,768,988 in bonds and other long-term debt outstanding, which is a net decrease from the prior year by \$521,862.

More detailed information about the District's long-term liabilities is presented in Note G (page 36) to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The districts elected and appointed officials considered many factors when setting the fiscal year 2023-2024 budget tax rates. One of the factors is the economy. The district experienced minimal population growth; however, the construction of the solar panel projects continues to increase the values of the district. This has also led to employment opportunities for the local population.

The adopted budget for 2023-2024 is \$8,667,865 which decreased by \$32,020. The tax rate for the year 2023-2024 totaled 1.311. The appraised value for 2023-2024 budget was 303,883,518 up approximately \$106.6 million. General Operating state estimated revenue decreased from \$6,780,392 to \$7,702,865 and general operating appropriation per student decreased from \$4,261 to \$3,881 in the 2023-2024 budget. The 2023-2024 refined average daily attendance is expected to be 522, which is up from prior year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Santa Maria Independent School District (956) 565-6308.

BASIC FINANCIAL STATEMENTS

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,262,412
1120 Current Investments	1,152,792
1220 Property Taxes - Delinquent	210,066
1230 Allowance for Uncollectible Taxes	(31,510)
1240 Due from Other Governments	1,781,622
1267 Due from Fiduciary Funds	144
1290 Other Receivables, Net	161,889
1300 Inventories	13,782
Capital Assets:	
1510 Land	247,824
1520 Buildings, Net	19,736,120
1530 Furniture and Equipment, Net	737,180
1550 Right-to-Use Leased Assets, Net	29,126
1580 Construction in Progress	68,416
1000 Total Assets	<u>25,369,863</u>
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	10,175
1705 Deferred Outflow Related to TRS Pension	1,294,012
1706 Deferred Outflow Related to TRS OPEB	1,200,110
1700 Total Deferred Outflows of Resources	<u>2,504,297</u>
LIABILITIES	
2110 Accounts Payable	27,740
2140 Interest Payable	16,207
2160 Accrued Wages Payable	174,412
2177 Due to Fiduciary Funds	10,573
2180 Due to Other Governments	54,715
2200 Accrued Expenses	3,727
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc. Due in More than One Year:	537,277
2502 Bonds, Notes, Loans, Leases, etc.	13,231,711
2540 Net Pension Liability (District's Share)	2,953,462
2545 Net OPEB Liability (District's Share)	1,926,532
2000 Total Liabilities	<u>18,936,356</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	392,956
2606 Deferred Inflow Related to TRS OPEB	3,601,528
2600 Total Deferred Inflows of Resources	<u>3,994,484</u>
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets Restricted:	7,059,854
3820 Restricted for Federal and State Programs	343,165
3850 Restricted for Debt Service	19,684
3860 Restricted for Capital Projects	573,403
3900 Unrestricted	(3,052,785)
3000 Total Net Position	<u>\$ 4,943,321</u>

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT B-1

FOR THE YEAR ENDED AUGUST 31, 2023					Net (Expense) Revenue and Changes in Net Position
Data Control Codes		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 6,682,785	\$ 247,687	\$ 2,275,356	\$ (4,159,742)
12	Instructional Resources and Media Services	63,018	-	26,610	(36,408)
13	Curriculum and Instructional Staff Development	208,253	-	184,272	(23,981)
21	Instructional Leadership	353,010	-	251,026	(101,984)
23	School Leadership	517,958	-	37,385	(480,573)
31	Guidance, Counseling, and Evaluation Services	243,138	-	72,371	(170,767)
32	Social Work Services	51,528	-	51,928	400
33	Health Services	129,193	-	51,679	(77,514)
34	Student (Pupil) Transportation	407,344	-	8,446	(398,898)
35	Food Services	672,206	3,762	726,810	58,366
36	Extracurricular Activities	589,999	17,942	-	(572,057)
41	General Administration	894,216	-	6,256	(887,960)
51	Facilities Maintenance and Operations	1,311,726	-	46,411	(1,265,315)
52	Security and Monitoring Services	359,543	-	46,275	(313,268)
53	Data Processing Services	191,858	-	30,907	(160,951)
61	Community Services	120,535	-	75,317	(45,218)
72	Debt Service - Interest on Long-Term Debt	403,339	-	-	(403,339)
73	Debt Service - Bond Issuance Cost and Fees	4,900	-	-	(4,900)
81	Capital Outlay	-	-	169,866	169,866
93	Payments Related to Shared Services Arrangements	111,207	-	-	(111,207)
99	Other Intergovernmental Charges	44,983	-	-	(44,983)
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 13,360,739	\$ 269,391	\$ 4,060,915	(9,030,433)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes				896,895
DT	Property Taxes, Levied for Debt Service				426,022
GC	Grants and Contributions not Restricted				7,644,520
IE	Investment Earnings				85,907
MI	Miscellaneous Local and Intermediate Revenue				156,510
TR	Total General Revenues				9,209,854
CN	Change in Net Position				179,421
NB	Net Position - Beginning				4,763,900
NE	Net Position - Ending				\$ 4,943,321

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,912,161	\$ 100,280	\$ 469,744
1120 Investments - Current	1,130,229	-	22,563
1220 Property Taxes - Delinquent	138,715	71,351	-
1230 Allowance for Uncollectible Taxes	(20,807)	(10,703)	-
1240 Due from Other Governments	445,242	-	-
1260 Due from Other Funds	48,554	-	82,096
1290 Other Receivables	161,000	-	-
1300 Inventories	13,782	-	-
1000 Total Assets	<u>\$ 3,828,876</u>	<u>\$ 160,928</u>	<u>\$ 574,403</u>
LIABILITIES			
2110 Accounts Payable	\$ 27,739	\$ -	\$ -
2160 Accrued Wages Payable	170,404	-	-
2170 Due to Other Funds	59,484	80,596	1,000
2180 Due to Other Governments	52,590	-	-
2200 Accrued Expenditures	3,646	-	-
2000 Total Liabilities	<u>313,863</u>	<u>80,596</u>	<u>1,000</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	117,908	60,648	-
2600 Total Deferred Inflows of Resources	<u>117,908</u>	<u>60,648</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	13,782	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	231,883	-	-
3470 Capital Projects	-	-	573,403
3480 Retirement of Long-Term Debt	-	19,684	-
3600 Unassigned Fund Balance	3,151,440	-	-
3000 Total Fund Balances	<u>3,397,105</u>	<u>19,684</u>	<u>573,403</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,828,876</u>	<u>\$ 160,928</u>	<u>\$ 574,403</u>

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

EXHIBIT C-1

Other Funds	Total Governmental Funds
\$ (1,219,773)	\$ 1,262,412
-	1,152,792
-	210,066
-	(31,510)
1,336,380	1,781,622
-	130,650
889	161,889
-	13,782
<u>\$ 117,496</u>	<u>\$ 4,681,703</u>
 \$ -	 \$ 27,739
4,008	174,412
-	141,080
2,125	54,715
81	3,727
<u>6,214</u>	<u>401,673</u>
 -	 178,556
<u>-</u>	<u>178,556</u>
 -	 13,782
111,282	343,165
-	573,403
-	19,684
-	3,151,440
<u>111,282</u>	<u>4,101,474</u>
<u>\$ 117,496</u>	<u>\$ 4,681,703</u>

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SANTA MARIA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2023

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	4,101,474
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$29,829,661 and the accumulated depreciation was (\$8,762,422). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.		6,771,087
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and debt principal payments is to decrease net position.		1,120,568
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$1,294,012, a deferred resource inflow in the amount of \$392,956, and net pension liability in the amount of \$2,953,462. This resulted in an increase (decrease) in net position.		(2,052,406)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$1,402,479, a deferred resource inflow in the amount of \$2,898,323, and a net OPEB liability in the amount of \$3,183,715. This resulted in an increase (decrease) in net position.		(4,327,950)
6 The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(848,731)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		179,279
19 Net Position of Governmental Activities	\$	4,943,321

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 1,352,261	\$ 449,772	\$ 1,002
5800 State Program Revenues	7,068,881	548,714	-
5900 Federal Program Revenues	1,049,781	-	-
5020 Total Revenues	9,470,923	998,486	1,002
EXPENDITURES:			
Current:			
0011 Instruction	4,300,727	-	-
0012 Instructional Resources and Media Services	37,310	-	-
0013 Curriculum and Instructional Staff Development	11,897	-	-
0021 Instructional Leadership	118,142	-	-
0023 School Leadership	473,623	-	-
0031 Guidance, Counseling, and Evaluation Services	153,695	-	-
0032 Social Work Services	4,512	-	-
0033 Health Services	75,323	-	-
0034 Student (Pupil) Transportation	401,386	-	-
0035 Food Services	598,078	-	-
0036 Extracurricular Activities	610,038	-	-
0041 General Administration	855,607	-	-
0051 Facilities Maintenance and Operations	1,210,058	-	-
0052 Security and Monitoring Services	326,226	-	-
0053 Data Processing Services	157,671	-	-
0061 Community Services	50,456	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	12,569	435,000	-
0072 Interest on Long-Term Liabilities	1,190	475,712	-
0073 Bond Issuance Cost and Fees	-	4,900	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	94,186	-	320,262
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	111,207	-	-
0099 Other Intergovernmental Charges	39,820	5,163	-
6030 Total Expenditures	9,643,721	920,775	320,262
1200 Net Change in Fund Balances	(172,798)	77,711	(319,260)
0100 Fund Balance - September 1 (Beginning)	3,569,903	(58,027)	892,663
3000 Fund Balance - August 31 (Ending)	\$ 3,397,105	\$ 19,684	\$ 573,403

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

Other Funds	Total Governmental Funds
\$ -	\$ 1,803,035
938,106	8,555,701
2,441,224	3,491,005
3,379,330	13,849,741
2,277,103	6,577,830
26,610	63,920
184,272	196,169
251,026	369,168
37,385	511,008
72,371	226,066
51,928	56,440
51,679	127,002
8,446	409,832
33,142	631,220
-	610,038
6,256	861,863
46,411	1,256,469
46,275	372,501
30,907	188,578
75,317	125,773
-	447,569
-	476,902
-	4,900
169,866	584,314
-	111,207
-	44,983
3,368,994	14,253,752
10,336	(404,011)
100,946	4,505,485
\$ 111,282	\$ 4,101,474

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	(404,011)
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The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to decrease net position.		1,120,568
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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.		(848,731)
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		32,413
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GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$212,958. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$229,474. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased) decreased the change in net position by \$55,911. The net result is an increase (decrease) in the change in net position.		(72,427)
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GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$61,373. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$65,589. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense (increased) decreased the change in net position by (\$195,061). The net result is an increase (decrease) in the change in net position.		351,609
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Change in Net Position of Governmental Activities	\$	179,421
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The notes to the financial statements are an integral part of this statement.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2023

EXHIBIT E-1

	Private Purpose Trust Fund	Total Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 85	\$ 177,623
Due from Other Funds	-	10,573
Total Assets	85	188,196
LIABILITIES		
Payroll Deductions and Withholdings Payable	-	148,561
Due to Other Funds	-	144
Total Liabilities	-	148,705
NET POSITION		
Restricted for Other Purposes	85	39,491
Total Net Position	\$ 85	\$ 39,491

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT E-2

	Private Purpose Trust Fund	Total Custodial Funds
ADDITIONS:		
Earnings from Temporary Deposits	\$ 44	\$ -
Other Local Revenue	-	53,429
Total Additions	<u>44</u>	<u>53,429</u>
DEDUCTIONS:		
Payment To Others	<u>2,470</u>	<u>50,700</u>
Total Deductions	<u>2,470</u>	<u>50,700</u>
Change in Fiduciary Net Position	(2,426)	2,729
Total Net Position - September 1 (Beginning)	<u>2,511</u>	<u>36,762</u>
Total Net Position - August 31 (Ending)	<u>\$ 85</u>	<u>\$ 39,491</u>

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

NOTES TO THE FINANCIAL STATEMENTS

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. REPORTING ENTITY

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

2. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

a. Basis of Presentation

Government-wide Financial Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2023

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

Debt Service Funds: The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Capital Projects Fund: The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

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

Special Revenue Funds: The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

Permanent Funds: The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

Custodial Funds: The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as an custodian for student and other organizations. These funds were previously reported in an agency fund. This change resulted in reporting the detail of additions and deductions from custodial funds causing a change in the fund net position whereas these details were not reported for agency funds. This change in a result of the implementation of GASB 84.

Other Special Revenue Funds: The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds: These funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use unrestricted resources first, then restricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continue to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.

3. FINANCIAL STATEMENT AMOUNTS

a. Cash and Cash Equivalents

For purpose of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

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

	General Fund	Debt Service Fund	Total
Delinquent Taxes	\$ 138,715	\$ 71,351	\$ 210,066
Allowance for Uncollectible Taxes	(20,807)	(10,703)	(31,510)
Net Taxes	<u>\$ 117,908</u>	<u>\$ 60,648</u>	<u>\$ 178,556</u>

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide. Certain Payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20-40
Building Improvements	20-40
Vehicles	8-10
Office Equipment	5-15
Computer Equipment	5-10

Right-to-use leased assets and SBITA assets are depreciated/amortized using the straight line method over the term of the respective agreements.

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

f. Interfund Activity

Interfund activity results from loans, service provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" Line of the government-wide statement of net assets.

g. Use of Estimates

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

h. Data Control Codes

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

i. Fund Balances

Fund balances of the governmental funds are classified as follows:

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

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

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

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

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

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

B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
N/A		

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

3. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund, and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J2 and J3.

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

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

	August 31, 2023 Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 575,000
Nonappropriated Budget Funds	<u>5,779,192</u>
All Special Revenue Funds	<u>\$ 6,354,192</u>

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

5. Excess of expenditure over appropriations

The following is a list of the excess of expenditures over appropriations, at the legal control by an individual fund.

<u>Fund</u>	<u>Function</u>	<u>Amount of Excess</u>
General Fund	Instruction	\$ (305,587)
General Fund	Curriculum and Instructional Staff Development	(4,307)
General Fund	School Leadership	(11,348)
General Fund	Health Services	(183)
General Fund	Student (Pupil) Transportation	(17,004)
General Fund	Food Services	(15,794)
General Fund	General Administration	(26,935)
General Fund	Facilities Maintenance and Operations	(117,122)
General Fund	Security and Monitoring Services	(60,228)
General Fund	Data Processing Services	(2,973)
Child Nutrition	Food Services	(15,781)
		<u>\$ (577,262)</u>

C. DEPOSITS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

1. Cash Deposits:

At August 31, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,440,120 and the bank balance was \$2,073,943. The District's cash deposits at August 31, 2023 and during the year ended August 31, 2023, were entirely covered by the FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

2. Investments:

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

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practice, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

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

The District's investments at August 31, 2023 are shown below

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	N/A	\$ 1,152,792
Total Investments		<u>\$ 1,152,792</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2023, the District's investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality as follows:

	<u>Rating</u>	<u>Rating Agency</u>
TexPool	AAAm	Standard and Poor's

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

Public Funds Investment Pools

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

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

TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2023

D. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2023, was as follows:

	Beginning Balances	Increases	Decreases/ Adjustments	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated				
Land	\$ 247,824	\$ -	\$ -	\$ 247,824
Construction in Progress	2,655,030	501,662	3,088,276	68,416
Total capital assets not being depreciated	2,902,854	501,662	3,088,276	316,240
Capital assets being depreciated:				
Buildings and Improvements	24,573,321	3,165,838	-	27,739,158
Furniture and Equipment	1,139,323	20,936	-	1,160,259
Vehicles	1,151,746	-	-	1,151,746
Right-to-use lease assets - Equipment	62,413	-	-	62,413
Totals capital assets being depreciated	26,926,803	3,186,773	-	30,113,576
Less Accumulated Depreciation for:				
Buildings and improvements	(7,314,213)	(688,825)	-	(8,003,038)
Furniture & Equipment	(575,167)	(66,582)	-	(641,749)
Vehicles	(852,234)	(80,841)	-	(933,075)
Right-to-use lease assets - Equipment	(20,804)	(12,483)	-	(33,287)
Total Accumulated Depreciation	(8,762,418)	(848,731)	-	(9,611,149)
Total capital assets being depreciated, net	\$ 21,067,239	\$ 2,839,704	\$ 3,088,276	\$ 20,818,666
Depreciation was charged to functions as follows:				
Instruction	\$ 454,154			
Instructional Resources and Media Services	3,998			
Curriculum Development and Instructional Staff Development	14,056			
Instructional Leadership	6,959			
School Leadership	43,103			
Guidance, Counseling, & Evaluating Services	28,722			
Health Services	8,600			
Student (Pupil) Transportation	20,511			
Food Services	57,301			
Cocurricular/Extracurricular Activities	23,835			
General Administration	73,327			
Plant Maintenance and Operation	97,796			
Security and Monitoring Services	425			
Data Processing Services	13,167			
Community Services	2,777			
Total Depreciation Expense	\$ 848,731			

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

E. INTERFUND BALANCES AND ACTIVITIES

1. Due To and From Other Funds

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General Fund	Custodial Fund	\$ 10,573
General Fund	General Fund	47,410
Capital Projects	General Fund	1,000
Debt Service	Capital Projects	80,593
General Fund	Capital Projects	1,503
Custodial Fund	General Fund	144
		<u>\$ 141,223</u>

F. FUND BALANCES

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

Nonspendable Fund Balances:

Inventories	\$ 13,782
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Restricted Fund Balances:

Federal/State Funds Grant Restrictions	343,165
Capital Projects	573,403
Retirement of Long-Term Debt	19,684
	<u>\$ 936,252</u>

Unassigned:	3,151,440
Total Fund Balances	<u>\$ 4,101,474</u>

G. LONG-TERM OBLIGATIONS

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2023

1. Long-Term Obligations Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term Obligations, for the year ended August 31, 2023, are as follows:

Description	Maturity Date	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance 9/1/2022	Increases	Decreases	Ending Balance 8/31/2023	Due within one year
2015 Unlimited Tax Refunding Bonds	2/15/2034	2-4%	\$ 1,565,000	\$ 21,700	\$ 1,085,000	\$ -	\$ 70,000	\$ 1,015,000	\$ 75,000
2016 Unlimited Tax School Building Bonds	2/15/2046	2-4%	6,005,000	103,325	5,235,000	-	135,000	5,100,000	140,000
2016A Unlimited Tax School Building Bonds	2/15/2046	2-4%	2,795,000	42,606	2,425,000	-	65,000	2,360,000	65,000
2021 Unlimited Tax School Building Bonds	2/15/2051	3-5%	3,325,000	53,075	3,265,000	-	65,000	3,200,000	65,000
2020 Unlimited Tax Refunding Bonds	2/15/2031	2-4%	1,265,000	21,000	1,015,000	-	100,000	915,000	105,000
Premium and discount					1,223,500		74,293	1,149,207	74,293
Total Long-Term Debt				\$ 241,706	\$ 14,248,500	\$ -	\$ 509,293	\$ 13,739,207	\$ 524,293
Net Pension Liability					1,244,665	1,940,940	232,143	2,953,462	-
Net OPEB Liability					3,183,715	-	1,257,183	1,926,532	-
Total Other Long-Term Debt					4,428,380	1,940,940	1,489,326	4,879,994	-
Total Governmental Activities				\$ 241,706	\$ 18,676,880	\$ 1,940,940	\$ 1,998,619	\$ 18,619,201	\$ 524,293

*On August 30, 2023 the District approved a Resolution Authorizing the Defeasance of Certain Portions of the District's Currently Outstanding Obligation for the 2024 fiscal year - \$500,000 of Series 2015, Unlimited Tax Refunding Bonds

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2023, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2024	450,000	464,638	914,638
2025	475,000	446,163	921,163
2026	495,000	426,063	921,063
2027	515,000	405,138	920,138
2028	525,000	383,563	908,563
Thereafter	10,130,000	3,604,711	13,734,711
Totals	\$ 12,590,000	\$ 5,730,276	\$ 18,320,276

Advanced and current refundings

On September 28, 2015, the district issued \$1,565,000 of unlimited tax refunding bonds to provide resources to achieve a gross debt service savings of approximately \$229,952 and a net present value savings of approximately \$188,029, being equal to 11.976407% net present value savings for the refunded bonds. The net effective interest rate of the Bonds is 3.501840%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The escrow agent shall apply the proceeds of the bonds in the amount of \$1,600,496 in the form of cash to refund the refunded bonds series 2004.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

On November 4, 2020, the district issued \$1,265,000 of unlimited tax refunding bonds to provide resources to achieve a gross debt service savings of approximately \$13,082 and a net present value savings of approximately \$585,000, being equal to 22.5434% net present value savings for the refunded bonds. The net effective interest rate of the Bonds is 2-4%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The escrow agent shall apply the proceeds of the bonds in the amount of \$1,344,536 in the form of cash to refund the refunded bonds series 2010.

2. Right-To-Use Lease Liabilities Payable

The District leases photocopy machines with an agreement having a 5-year term. Average payments of \$1,147 are made monthly which consist of principal and imputed annual interest ranging of 4.25%. No assets were pledged as collateral for these leases.

A summary of Right-To-Use Lease arrangements for the year ended August 31, 2023, is as follows:

	Interest Rate Payable	Original Lease Liability	Current Year Interest	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance	Amounts Due Within One Year
TOSHIBA Leases, January 2021	4.25%	\$ 62,413	\$ 1,190	\$ 42,350	\$ -	\$ 12,569	\$ 29,781	\$ 12,984
Total			<u>\$ 1,190</u>	<u>\$ 42,350</u>	<u>\$ -</u>	<u>\$ 12,569</u>	<u>\$ 29,781</u>	<u>\$ 12,984</u>

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

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 12,984	\$ 776	\$ 13,760
2025	13,412	347	13,759
2026	3,385	55	3,440
2027	-	-	-
Totals	<u>\$ 29,781</u>	<u>\$ 1,178</u>	<u>\$ 30,959</u>

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

H. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reduction in coverage in the past fiscal year and.

I. DEFINED BENEFIT PENSION PLAN

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

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

C. Benefits Provided

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2023

There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

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

D. Contributions

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

Contribution Rates		
	2022	2023
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
Santa Maria ISD's 2023 Employer Contributions	\$	212,958
Santa Maria ISD's 2023 Member Contributions	\$	564,848
Santa Maria ISD's 2023 NECE On-Behalf Contributions	\$	451,387

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2023

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.

E. Actuarial Assumptions

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

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 Rate	7.00%
Municipal Bond Rate as of August 2022	3.91%. The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period	
100 Years	2121
Inflation	2.30%
Salary Income Including Inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

F. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees. 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:

Asset Class*	Target Allocation %*	Long-term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	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	5.0	3.4	0.18
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources & Infrastructure	6.0	5.1	0.37
Commodities	0.0	3.5	0.00
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	-5.0	3.6	-0.05
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
Total	100.0%		8.19%

* Absolute Return includes Credit Sensitive Investments.

**Target allocations are based on the FY2022 policy model.

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

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

G. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Santa Maria's ISD's proportionate share of the net pension liability:	\$ 4,594,466	\$ 2,953,462	\$ 1,623,350

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

At August 31, 2023, the District reported a liability of \$2,953,462 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 2,953,462
State's proportionate share that is associated with the District	5,742,818
Total	<u>\$ 8,696,280</u>

The net pension liability was measured as of August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2023 the employer's proportion of the collective net pension liability was 0.0049748854% which was an increase (decrease) of 0.0000874194% from its proportion measured as of August 31, 2021.

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 percent to 7.00 percent.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2023

For the year ended August 31, 2023, the District recognized pension expense of \$92,819 and revenue of \$9,362 for support provided by the State.

At August 31, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 42,825	\$ 64,391
Changes in actuarial assumptions	550,326	137,157
Difference between projected and actual investment earnings	291,792	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	196,111	191,408
Total as August 31, 2023 measurement date	\$ 1,081,054	\$ 392,956
Contributions paid to TRS subsequent to the measurement date	212,958	-
Total as of fiscal year-end	\$ 1,294,012	\$ 392,956

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

Year ended August 31:	Pension Expense Amount
2024	\$ 106,269
2025	82,415
2026	59,440
2027	378,584
2028	61,390
Thereafter	-

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

A. Plan Description

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

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

B. OPEB Plan Fiduciary Net Position

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

C. Benefits Provided

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

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

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

TRS-Care Monthly for Retirees

	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

D. Contributions

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2023

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2022	2023
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Santa Maria ISD's 2023 Employer Contributions		\$ 57,678
Santa Maria ISD's 2023 Member Contributions		\$ 45,894
Santa Maria ISD's 2023 NECE On-Behalf Contributions		\$ 80,613

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

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

E. Actuarial Assumptions

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

The actuarial valuation 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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2023

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Salary Increases Including Inflation	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

F. Discount Rate.

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

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
Santa Maria's proportionate share of the Net OPEB liability:	\$ 2,271,534	\$ 1,926,532	\$ 1,647,036

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

At August 31, 2023, the District reported a liability of \$1,926,532 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the Net OPEB liability, the related State support, and the total portion of the Net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB liability	\$ 1,926,532
State's proportionate share that is associated with the District	2,350,067
Total	<u>\$ 4,276,599</u>

The Net OPEB liability was measured as of August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2023 the employer's proportion of the collective Net OPEB Liability was 0.0080459899%, which was an increase (decrease) of (0.0002074359)% from its proportion measured as of August 31, 2021.

Healthcare Cost Trend Rates Sensitivity Analysis

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB liability:	\$ 1,587,471	\$ 1,926,532	\$ 2,366,081

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2023

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

- The discount rate was changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change increased the Total OPEB Liability.

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

For the year ended August 31, 2023, the District recognized OPEB expense of (\$286,900) and revenue of (\$157,428) for support provided by the State.

At August 31, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 107,108	\$ 1,604,974
Changes in actuarial assumptions	293,449	1,338,440
Difference between projected and actual investment earnings	5,738	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	736,137	658,114
Total as August 31, 2022 measurement date	\$ 1,142,432	\$ 3,601,528
Contributions paid to TRS subsequent to the measurement date	57,678	-
Total as of fiscal year-end	\$ 1,200,110	\$ 3,601,528

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

Year ended August 31	OPEB Expense Amount
2024	\$ (508,693)
2025	(508,673)
2026	(426,974)
2027	(316,369)
2028	(220,224)
Thereafter	(478,163)

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

L. MEDICARE PART-D

Medicare on Behalf Payments. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. The on behalf payments for Santa Maria Independent School District for 2023, 2022 and 2021 were \$35,083, \$28,046, and \$26,255 respectively.

M. HEALTH CARE COVERAGE

During the year ended August 31, 2023, employees of the District were covered by health insurance plan (the Plan). The District paid premiums of \$298 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the licensed insurer is renewable October 1, and terms of coverage and premium costs are included in the contractual provisions.

N. COMMITMENTS AND CONTINGENCIES

1. Contingencies

The District participates in grant programs which are governed by various rules 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 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 provision has been recorded in the accompanying basic financial statements for such contingencies.

O. DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Net Tax Revenue	\$ 117,908	\$ -	\$ 60,648	\$ 178,556
Total Deferred Revenue	<u>\$ 117,908</u>	<u>\$ -</u>	<u>\$ 60,648</u>	<u>\$ 178,556</u>

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

P. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2023, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

<u>DUE FROM FUND</u>	<u>STATE ENTITLEMENTS</u>	<u>FEDERAL GRANTS</u>	<u>TOTAL</u>
General	\$ 445,242	\$ -	\$ 445,242
Special Revenue	702,567	633,813	1,336,380
Total	<u>1,147,809</u>	<u>633,813</u>	<u>1,781,622</u>

<u>DUE TO FUND</u>			
General	52,590	-	52,590
Special Revenue	-	2,125	2,125
	<u>\$ 52,590</u>	<u>\$ 2,125</u>	<u>\$ 54,715</u>

Q. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Property Taxes	\$ 865,205	\$ 426,022	\$ -	\$ 1,291,227
Penalties, Interest and Other				
Tax-related Income	31,006	13,236	-	44,242
Investment Income	74,391	10,514	1,002	85,907
Food Sales	3,762	-	-	3,762
Other	377,897	-	-	377,897
Total	<u>\$ 1,352,261</u>	<u>\$ 449,772</u>	<u>\$ 1,002</u>	<u>\$ 1,803,035</u>

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

R. MAINTENANCE OF EFFORT-HEALTH CARE

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

a) Total District Premium paid for health care 2022-2023	<u>\$ 344,107</u>
b) Subtract any non-medical expenditures	
Life Insurance	\$ 1,417
Long-Term Disability	<u>-</u>
c) 2022-2023 Maintenance of Effort	<u>\$ 342,690</u>

S. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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

	<u>General Fund</u>	<u>Debt Service</u>
Property Taxes, unavailable	<u>\$ 117,908</u>	<u>\$ 60,648</u>
Total Exhibit C-1	<u>\$ 117,908</u>	<u>\$ 60,648</u>

Deferred outflows of resources and deferred inflows resources related to pensions is \$1,294,012 and \$392,956, respectively. Deferred outflows of resources and deferred inflows resources related to other post-employment benefits is \$1,200,110 and \$3,601,528, respectively See related details of pension plan obligations in Note I and other post-employment benefits in Note J.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Deferred Loss on Refunding 2020/2021	\$ 11,628	\$ -	\$ 1,453	\$ 10,175
Total	<u>\$ 11,628</u>	<u>\$ -</u>	<u>\$ 1,453</u>	<u>\$ 10,175</u>

T. GASB 63

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2023

U. GASB 68

GASB 68 – establishes standards for accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria as described in GASB 67. This statement replaces the requirements of GASB Statement 27, Accounting for Pensions by State and Local Governmental Employers. Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning pension liability

V. GASB 87

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

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

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2023

W. GASB 96

The District implemented GASB 96 for reporting subscription-based information technology arrangements (SBITAs) during this reporting period. A SBITA is defined as a contract that conveys control over another entity's IT software as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a SBITA, it must meet the definition of a "long-term" SBITA provided in GASB 96. The right-to-use SBITA liability is reported in the government-wide statements. The SBITA liability is calculated as the present value of the reasonably certain expected payments made over the term of the contract and the interest included in the SBITA payments is recorded as an expense. There were no SBITAs material to the financial statements that were recorded during the year audited.

X. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 25, 2024, the date which the financial statements were available to be issued.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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SANTA MARIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT G-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,697,500	\$ 1,697,500	\$ 1,352,261	\$ (345,239)
5800 State Program Revenues	6,800,392	6,800,392	7,068,881	268,489
5900 Federal Program Revenues	673,800	673,800	1,049,781	375,981
5020 Total Revenues	9,171,692	9,171,692	9,470,923	299,231
EXPENDITURES:				
Current:				
0011 Instruction	4,171,701	3,995,140	4,300,727	(305,587)
0012 Instructional Resources and Media Services	92,839	39,839	37,310	2,529
0013 Curriculum and Instructional Staff Development	18,029	7,590	11,897	(4,307)
0021 Instructional Leadership	113,836	119,836	118,142	1,694
0023 School Leadership	416,275	462,275	473,623	(11,348)
0031 Guidance, Counseling, and Evaluation Services	218,496	156,496	153,695	2,801
0032 Social Work Services	-	4,512	4,512	-
0033 Health Services	78,140	75,140	75,323	(183)
0034 Student (Pupil) Transportation	390,382	384,382	401,386	(17,004)
0035 Food Services	588,784	582,284	598,078	(15,794)
0036 Extracurricular Activities	385,420	629,981	610,038	19,943
0041 General Administration	858,672	828,672	855,607	(26,935)
0051 Facilities Maintenance and Operations	997,615	1,092,936	1,210,058	(117,122)
0052 Security and Monitoring Services	200,998	265,998	326,226	(60,228)
0053 Data Processing Services	168,698	154,698	157,671	(2,973)
0061 Community Services	59,147	52,647	50,456	2,191
Debt Service:				
0071 Principal on Long-Term Liabilities	18,810	18,810	12,569	6,241
0072 Interest on Long-Term Liabilities	1,190	1,190	1,190	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	243,112	161,718	94,186	67,532
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	131,422	116,422	111,207	5,215
0099 Other Intergovernmental Charges	18,126	41,126	39,820	1,306
6030 Total Expenditures	9,171,692	9,191,692	9,643,721	(452,029)
1200 Net Change in Fund Balances	-	(20,000)	(172,798)	(152,798)
0100 Fund Balance - September 1 (Beginning)	3,569,903	3,569,903	3,569,903	-
3000 Fund Balance - August 31 (Ending)	\$ 3,569,903	\$ 3,549,903	\$ 3,397,105	\$ (152,798)

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 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)	0.004974885%	0.004887466%	0.004372608%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,953,462	\$ 1,244,665	\$ 2,341,880
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	5,742,818	2,341,719	4,808,036
Total	<u>\$ 8,696,280</u>	<u>\$ 3,586,384</u>	<u>\$ 7,149,916</u>
District's Covered Payroll	\$ 7,273,889	\$ 6,550,301	\$ 6,215,835
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	40.60%	19.00%	37.68%
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
0.004474675%	0.004645704%	0.005789164%	0.006931679%	0.0060715%	0.004028%
\$ 2,326,076	\$ 2,557,108	\$ 1,851,063	\$ 2,619,379	\$ 2,146,194	\$ 1,075,935
4,502,511	4,561,516	2,781,615	3,627,099	3,672,517	2,942,014
\$ 6,828,587	\$ 7,118,624	\$ 4,632,678	\$ 6,246,478	\$ 5,818,711	\$ 4,017,949
\$ 5,767,960	\$ 5,443,232	\$ 5,783,140	\$ 6,202,071	\$ 5,850,793	\$ 5,476,195
40.33%	46.98%	32.01%	42.23%	36.68%	19.65%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

SANTA MARIA 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	\$ 212,958	\$ 229,474	\$ 214,779
Contribution in Relation to the Contractually Required Contribution	(212,958)	(229,474)	(214,779)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 7,060,651	\$ 7,273,889	\$ 6,550,361
Contributions as a Percentage of Covered Payroll	3.02%	3.15%	3.28%

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.

EXHIBIT G-3

	2020	2019	2018	2017	2016	2015
\$	182,482	\$ 157,661	\$ 150,923	\$ 174,535	\$ 225,375	\$ 179,685
	(182,482)	(157,661)	(150,923)	(174,535)	(225,375)	(179,685)
\$	-	\$ -	\$ -	\$ -	\$ -	-
\$	6,215,835	\$ 5,767,960	\$ 5,443,232	\$ 5,783,140	\$ 6,202,071	\$ 5,850,793
	2.94%	2.73%	2.77%	3.02%	3.63%	3.07%

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 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	0.00804599%	0.008253426%	0.007262096%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,926,532	\$ 3,183,715	\$ 2,760,650
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	2,350,067	4,265,469	3,709,652
Total	<u>\$ 4,276,599</u>	<u>\$ 7,449,184</u>	<u>\$ 6,470,302</u>
District's Covered Payroll	\$ 7,273,889	\$ 6,550,301	\$ 6,215,835
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	26.49%	48.60%	44.41%
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.

FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
0.006837032%		0.006604846%		0.008593942%	
\$	3,233,315	\$	3,297,860	\$	3,737,183
	4,296,354		4,611,201		4,274,812
\$	7,529,669	\$	7,909,061	\$	8,011,995
\$	5,767,960	\$	5,443,232	\$	5,783,140
	56.06%		60.59%		64.62%
	2.66%		1.57%		0.91%

SANTA MARIA 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	\$ 57,678	\$ 61,373	\$ 65,589
Contribution in Relation to the Contractually Required Contribution	(57,678)	(61,373)	(65,589)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 7,060,651	\$ 7,273,889	\$ 6,550,301
Contributions as a Percentage of Covered Payroll	0.82%	0.84%	1.00%

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
\$	56,725	\$ 48,568	\$ 45,317
	(56,725)	(48,568)	(45,317)
\$	-	\$ -	-
\$	6,215,835	\$ 5,767,960	\$ 5,443,232
	0.91%	0.84%	0.83%

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COMBINING AND OTHER STATEMENTS

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	242 Summer Feeding Program
ASSETS			
1110 Cash and Cash Equivalents	\$ (153,621)	\$ (41,769)	\$ 5,661
1240 Due from Other Governments	153,621	41,769	-
1290 Other Receivables	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,661</u>
LIABILITIES			
2160 Accrued Wages Payable	\$ -	\$ -	\$ -
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	-	-	-
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	5,661
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>5,661</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,661</u>

EXHIBIT H-1 (Cont'd)

255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	266 ESSER I - Emergency Sch Relief Fund	274 GEAR UP	277 Coronavirus Relief Fund CARES	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act
\$ (8,122)	\$ (543)	\$ (62,387)	\$ 46,437	\$ -	\$ (95,800)	\$ (231,930)	\$ -
8,122	657	62,387	-	-	95,800	231,930	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 46,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	114	-	46,437	-	-	-	-
-	114	-	46,437	-	-	-	-
<u>\$ -</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 46,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes	287 Project Rise Grant Fund	289 Other Federal Special Revenue Funds	331 SSA - Career & Technical - Basic Grant	410 State Instructional Materials
ASSETS				
1110 Cash and Cash Equivalents	\$ 41,609	\$ (34,721)	\$ (4,806)	\$ 18,697
1240 Due from Other Governments	-	34,721	4,806	-
1290 Other Receivables	889	-	-	-
1000 Total Assets	<u>\$ 42,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,697</u>
LIABILITIES				
2160 Accrued Wages Payable	\$ -	\$ -	\$ -	\$ -
2180 Due to Other Governments	2,125	-	-	-
2200 Accrued Expenditures	-	-	-	-
2000 Total Liabilities	<u>2,125</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	40,373	-	-	18,697
3000 Total Fund Balances	<u>40,373</u>	<u>-</u>	<u>-</u>	<u>18,697</u>
4000 Total Liabilities and Fund Balances	<u>\$ 42,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,697</u>

EXHIBIT H-1

429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
\$ (698,478)	\$ (1,219,773)
702,567	1,336,380
-	889
<u>\$ 4,089</u>	<u>\$ 117,496</u>
\$ 4,008	\$ 4,008
-	2,125
81	81
<u>4,089</u>	<u>6,214</u>
-	111,282
-	111,282
<u>\$ 4,089</u>	<u>\$ 117,496</u>

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	242 Summer Feeding Program
REVENUES:			
5800 State Program Revenues	\$ -	\$ -	\$ -
5900 Federal Program Revenues	275,258	82,294	26,056
5020 Total Revenues	275,258	82,294	26,056
EXPENDITURES:			
Current:			
0011 Instruction	95,135	30,336	-
0012 Instructional Resources and Media Services	25,310	-	-
0013 Curriculum and Instructional Staff Development	-	-	-
0021 Instructional Leadership	112,043	-	-
0023 School Leadership	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-
0032 Social Work Services	-	51,928	-
0033 Health Services	-	-	-
0034 Student (Pupil) Transportation	-	-	-
0035 Food Services	-	-	26,056
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0052 Security and Monitoring Services	-	-	-
0053 Data Processing Services	-	-	-
0061 Community Services	42,770	30	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
6030 Total Expenditures	275,258	82,294	26,056
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	5,661
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 5,661

EXHIBIT H-2 (Cont'd)

255 ESEA II, A Training and Recruiting	263 Title III, A English Lang Acquisition	265 Title IV, B Community Learning	266 ESSER I - Emergency Sch Relief Fund	274 GEAR UP	277 Coronavirus Relief Fund CARES	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33,344	2,091	570,735	-	103,294	-	367,918	924,419
33,344	2,091	570,735	-	103,294	-	367,918	924,419
33,344	2,091	431,356	-	103,294	-	224,254	687,134
-	-	-	-	-	-	260	1,040
-	-	12,698	-	-	-	3,650	14,457
-	-	95,204	-	-	-	6,400	-
-	-	-	-	-	-	3,135	4,160
-	-	-	-	-	-	-	70,320
-	-	-	-	-	-	2,951	60
-	-	-	-	-	-	8,446	-
-	-	-	-	-	-	7,086	-
-	-	-	-	-	-	2,096	4,160
-	-	-	-	-	-	44,269	2,142
-	-	-	-	-	-	3,134	1,370
-	-	-	-	-	-	22,737	8,170
-	-	31,477	-	-	-	-	1,040
-	-	-	-	-	-	39,500	130,366
33,344	2,091	570,735	-	103,294	-	367,918	924,419
-	-	-	-	-	-	-	-
-	114	-	46,437	-	-	-	-
\$ -	\$ 114	\$ -	\$ 46,437	\$ -	\$ -	\$ -	\$ -

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	287 Project Rise Grant Fund	289 Other Federal Special Revenue Funds	331 SSA - Career & Technical - Basic Grant	410 State Instructional Materials
REVENUES:				
5800 State Program Revenues	\$ -	\$ -	\$ -	\$ -
5900 Federal Program Revenues	-	51,009	4,806	-
5020 Total Revenues	-	51,009	4,806	-
EXPENDITURES:				
Current:				
0011 Instruction	-	-	4,806	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	48,668	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	-	48,668	4,806	-
1200 Net Change in Fund Balance	-	2,341	-	-
0100 Fund Balance - September 1 (Beginning)	40,373	(2,341)	-	18,697
3000 Fund Balance - August 31 (Ending)	\$ 40,373	\$ -	\$ -	\$ 18,697

EXHIBIT H-2

429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 938,106	\$ 938,106
-	2,441,224
938,106	3,379,330

665,353	2,277,103
-	26,610
153,467	184,272
37,379	251,026
30,090	37,385
2,051	72,371
-	51,928
-	51,679
-	8,446
-	33,142
-	6,256
-	46,411
41,771	46,275
-	30,907
-	75,317
-	169,866
930,111	3,368,994
7,995	10,336
(7,995)	100,946
\$ -	\$ 111,282

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
AUGUST 31, 2023

EXHIBIT H-3

	863 Payroll Activity Fund	865 Custodial Fund Student Activity Aect	Total Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ 148,705	\$ 28,918	\$ 177,623
Due from Other Funds	-	10,573	10,573
Total Assets	<u>148,705</u>	<u>39,491</u>	<u>188,196</u>
LIABILITIES			
Payroll Deductions and Withholdings Payable	148,561	-	148,561
Due to Other Funds	144	-	144
Total Liabilities	<u>148,705</u>	<u>-</u>	<u>148,705</u>
NET POSITION			
Restricted for Other Purposes	-	39,491	39,491
Total Net Position	<u>\$ -</u>	<u>\$ 39,491</u>	<u>\$ 39,491</u>

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT H-4

	863 Payroll Activity Fund	865 Custodial Fund Student Activity Acct	Total Custodial Funds
ADDITIONS:			
Other Local Revenue	\$ -	\$ 53,429	\$ 53,429
Total Additions	-	53,429	53,429
DEDUCTIONS:			
Payment To Others	-	50,700	50,700
Total Deductions	-	50,700	50,700
Change in Net Position	-	2,729	2,729
Net Position - September 1 (Beginning)	-	36,762	36,762
Net Position - August 31 (Ending)	\$ -	\$ 39,491	\$ 39,491

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T.E.A. REQUIRED SCHEDULES

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2023

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ 427,408,196
2015	1.170000	0.110000	41,677,972
2016	1.170000	0.310000	41,084,909
2017	1.170000	0.310000	51,799,024
2018	1.170000	0.410000	54,025,441
2019	1.170000	0.410000	57,993,462
2020	1.068300	0.415000	68,497,150
2021	1.054700	0.415000	67,458,971
2022	1.051700	0.465000	70,543,504
2023 (School year under audit)	0.942900	0.485000	155,562,434
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.115, Tax Code			

EXHIBIT J-1

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
\$ 33,427	\$ -	\$ 377	\$ 194	\$ (637)	\$ 32,220
3,095	-	81	41	-	2,973
3,726	-	510	262	-	2,953
5,626	-	605	311	-	4,709
7,338	-	1,979	1,018	-	4,342
12,213	-	3,141	1,616	543	7,999
14,259	-	28,058	14,432	38,562	10,329
19,389	-	28,954	14,893	37,878	13,421
73,711	-	53,066	27,296	38,417	31,766
-	2,221,276	1,389,780	714,862	(17,280)	99,354
<u>\$ 172,784</u>	<u>\$ 2,221,276</u>	<u>\$ 1,506,551</u>	<u>\$ 774,926</u>	<u>\$ 97,482</u>	<u>\$ 210,066</u>
		<u>\$ 0.00</u>			

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 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	\$ 30,000	\$ 30,000	\$ 23,187	\$ (6,813)
5800 State Program Revenues	20,000	20,000	18,294	(1,706)
5900 Federal Program Revenues	525,000	525,000	690,817	165,817
5020 Total Revenues	575,000	575,000	732,298	157,298
EXPENDITURES:				
Current:				
0035 Food Services	575,000	575,000	590,781	(15,781)
6030 Total Expenditures	575,000	575,000	590,781	(15,781)
1200 Net Change in Fund Balances	-	-	141,517	141,517
0100 Fund Balance - September 1 (Beginning)	101,148	101,148	104,148	3,000
3000 Fund Balance - August 31 (Ending)	\$ 101,148	\$ 101,148	\$ 245,665	\$ 144,517

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 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	\$ 769,829	\$ 769,829	\$ 449,772	\$ (320,057)
5800 State Program Revenues	143,336	143,336	548,714	405,378
5020 Total Revenues	913,165	913,165	998,486	85,321
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	430,000	435,000	435,000	*
0072 Interest on Long-Term Liabilities	481,163	478,428	475,712	2,716
0073 Bond Issuance Cost and Fees	2,002	4,900	4,900	*
Intergovernmental:				
0099 Other Intergovernmental Charges	*	5,163	5,163	*
6030 Total Expenditures	913,165	923,491	920,775	2,716
1200 Net Change in Fund Balances	*	(10,326)	77,711	88,037
0100 Fund Balance - September 1 (Beginning)	(58,027)	(58,027)	(58,027)	*
3000 Fund Balance - August 31 (Ending)	\$ (58,027)	\$ (68,353)	\$ 19,684	\$ 88,037

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 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?	No
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	877,030
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	1,145,901

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?	No
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	126,647
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	91,381

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

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Raul Hernandez & Company, P.C.

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

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

Independent Auditors' Report

Santa Maria Independent School District
P.O. Box 448
Santa Maria, Texas 78592

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 Maria Independent School District, as of and for the year ended August 31, 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 January 25, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Raul Hernandez & Company, P.C.

Corpus Christi, Texas

January 25, 2024

Raul Hernandez & Company, P.C.

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

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

Board of Trustees
Santa Maria Independent School District
P.O. Box 448
Santa Maria, Texas 78592

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Santa Maria Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Santa Maria Independent School District's major federal programs for the year ended August 31, 2023. Santa Maria Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Santa Maria Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 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 Santa Maria Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Santa Maria Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Raúl Hernández & Company, P.C.

Corpus Christi, TX

January 25, 2024

**SANTA MARIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023

NONE

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023

N/A

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 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
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23-610101031913	\$ 275,258
ESEA, Title I, Part C - Migratory Children	84.011	23-615001031913	82,294
SSA - Career and Technical - Basic Grant	84.048	23-420001031913	4,806
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	23-6950267110032	570,735
GEAR UP	84.334B	23-P334A180025	103,294
Title III, Part A - English Language Acquisition	84.365A	23-671001031913	2,091
ESEA, Title II, Part A. Teacher Principal Training	84.367A	23-694501031913	33,344
COVID 19 - ESSER II - School Emergency Relief	84.425D	23-521001031913	367,918
COVID 19 - ESSER III - School Emergency Relief	84.425D	23-528001031913	924,419
Total Assistance Listing Number 84.425			1,292,337
Title IV, Part A. Subpart I	84.424	23-680101031913	15,413
Total Passed Through Texas Education Agency			2,379,572
TOTAL U.S. DEPARTMENT OF EDUCATION			2,379,572
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
COVID-19 Public Health Workforce Supplemental Funding Grant	93.323	23-NU50CK000501-02-0	35,596
Total Passed Through Texas Health and Human Services Commission			35,596
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			35,596
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402301	243,333
*National School Lunch Program - Cash Assistance	10.555	71302301	410,646
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302301	36,837
Total Assistance Listing Number 10.555			447,483
*Non Cash Assistance - Summer Feeding Program	10.559		26,056
Total Child Nutrition Cluster			716,872
Total Passed Through the Texas Department of Agriculture			716,872
TOTAL U.S. DEPARTMENT OF AGRICULTURE			716,872
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,132,040
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**SANTA MARIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023**

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Santa Maria Independent School District. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Compliance Supplement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate:

The Uniform Guidance allows an organization to elect a 10% de minimus indirect cost rate. For the year ended August 31, 2023, the District did not elect to use this rate.

Sub-recipients:

During the year ended August 31, 2023, the District had no sub-recipients.

Federal Loans and Loan Guarantees:

During the year ended August 31, 2023, the District had no outstanding federal loans payable or loan guarantees.

Federally Funded Insurance:

During the year ended August 31, 2023, the District had no federally funded insurance.

Noncash awards:

During the year ended August 31, 2023, the District received \$36,837 as noncash-assistance under the National School Lunch Program.

Reconciliation from the Schedule of Expenditures of Federal Awards to Exhibit C-3:

Total Federal Award Expended	\$ 3,132,040
TEA	339,898
SHARS	19,067
Exhibit C-3	<u>\$ 3,491,005</u>

SCHOOLS FIRST QUESTIONNAIRE

Exhibit L-1

SANTA MARIA 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

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