

SANTA MARIA INDEPENDENT SCHOOL DISTRICT



Annual Financial Report For the fiscal year ended August 31, 2021

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, 2021**

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
CERTIFICATE OF BOARD	i
Independent Auditors' Report	1
Management's Discussion and Analysis	4
<u>Basic Financial Statements</u>	
Government Wide Statements:	
A-1 Statement of Net Position	13
B-1 Statement of Activities	14
Governmental Fund Financial Statements:	
C-1 Balance Sheet	15
C-2 Reconciliation for C-1	17
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance	18
C-4 Reconciliation for C-3	20
Fiduciary Fund Financial Statements:	
E-1 Statement of Fiduciary Net Position	21
Notes to the Financial Statements	22
<u>Required Supplementary Information</u>	
G-1 Budgetary Comparison Schedule - General Fund	53
G-2 Schedule of the District's Proportionate Share of the Net Pension Liability (TRS)	54
G-3 Schedule of District Contributions to TRS	56
G-4 Schedule of the District's Proportionate Share of the Net OPED Liability	58
G-5 Schedule of District Contributions for OPEB	59
<u>Combining and Other Schedules</u>	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet	60
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	64
H-3 Combining Statement of Fiduciary Net Position	68
<u>Required TEA Schedules</u>	
J-1 Schedule of Delinquent Taxes	69
J-2 Budgetary Comparison Schedule - Child Nutrition Fund	71
J-3 Budgetary Comparison Schedule - Debt Service Fund	72
<u>Reports on Compliance, Internal Control, and Federal Awards</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73
Report on Compliance for Each Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	75
Schedule of Findings and Questioned Costs	78
Schedule of Status of Prior Findings	79
Corrective Action Plan	80
K-1 Schedule of Expenditures of Federal Awards	81
Notes to Schedule of Expenditures of Federal Awards	82

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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, 2021 at a meeting of the Board of Trustees of such school district on the 27th of January, 2022.



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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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 AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund, the Schedule of District's Proportionate Share of the Net Pension Liability and the Schedule of the District Contributions – Teacher Retirement System of Texas, the Schedule of the District Proportionate Share of the Net OPEB Liability – Teacher Retirement System of Texas, the Schedule of District Contributions to the Teacher Retirement System of Texas OPEB Plan, and the related Notes to 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Santa Maria Independent School District's basic financial statements. The combining fund financial statements, the TEA required schedules, and other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statement.

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

The combining and individual nonmajor fund financial statements, the TEA required schedules, and schedule of expenditures of federal awards and have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2022, on our consideration of the Santa Maria Independent 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 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 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 Santa Maria Independent School District's internal control over financial reporting and compliance.

Raul Hernandez & Company, P.C.

Corpus Christi, Texas

January 26, 2022

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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, 2021. 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 \$3,320,284 and \$2,630,191, for fiscal years ending August 31, 2021 and 2020, respectively.
- The District's expenses were \$11,597,384, which is \$241,671 more than the 2020 amount of \$11,355,713.
- The General Fund reported a fund balance of \$2,946,572 and \$2,773,803 for fiscal years ending August 31, 2021 and 2020, respectively.
- The Debt Service Fund ended the year with a fund balance of \$71,195, which represents an increase of \$18,049 from the prior year.
- Revenues from governmental activities were \$12,287,477 which represents a \$527,548 increase 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 22) 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 \$2,630,191 to \$3,320,284 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 (\$3,933,327) at August 31, 2021 which represents a (\$109,373) decrease from prior year. The District's revenues exceeded the expenditures by \$690,093. The District paid bonds and other long-term debt in the amount of \$2,031,565. Furthermore, acquired capital assets, including completed capital projects, amounted to a net after disposals, before depreciation, of \$615,245. The District recorded depreciation in the amount of \$460,331. In addition, accumulated depreciation was \$8,008,640 as of August 31, 2021. (See note D on page 34)

Total Revenue increased by \$527,548 in fiscal year 2021. Operating Grants and Contributions accounted for a majority of the increase. Total Expenditures increased by \$241,671 during the year. Debt Service – Bond Issuance costs & fees accounted for a majority of the increase.

The District has no business-type activities.

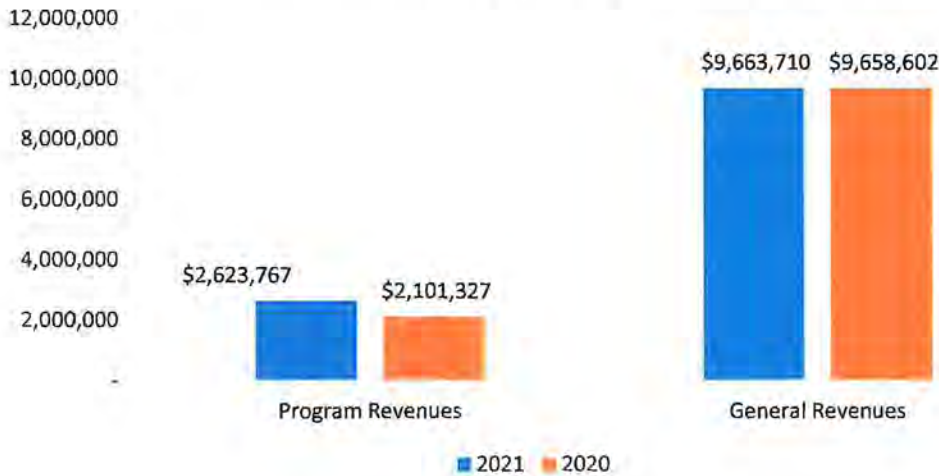
Table 1
SANTA MARIA INDEPENDENT
SCHOOL DISTRICT

ASSETS	Governmental Activities		Change
	2021	2020	
Cash and Cash Equivalents	\$ 5,368,159	\$ 2,573,992	\$ 2,794,167
Current Investments	1,095,034	1,093,700	1,334
Property Taxes Receivable (Delinquent)	168,124	183,043	(14,919)
Allowance for Uncollectible Taxes	(25,219)	(27,457)	2,238
Due from Other Governments	827,795	139,282	688,513
Other Receivables, net	1,085	30,433	(29,348)
Inventories	6,467	10,481	(4,014)
Total Current Assets:	7,441,445	4,003,474	3,437,971
Capital Assets:			-
Land	247,824	247,824	-
Buildings, Net	17,578,171	7,225,168	10,353,003
Furniture and Equipment, Net	470,195	554,195	(84,000)
Construction in Progress	-	10,114,089	(10,114,089)
Total Noncurrent Assets	18,296,190	18,141,276	154,914
Total Assets	\$ 25,737,635	\$ 22,144,750	\$ 3,592,885
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge for Refunding	13,082	-	13,082
Deferred Outflow Related to TRS Pension	977,290	1,237,945	(260,655)
Deferred Outflow Related to TRS OPEB	731,363	523,748	207,615
Total Deferred Outflows of Resources	1,721,735	1,761,693	(39,958)
LIABILITIES			
Accounts Payable	\$ 14,917	\$ 108,875	\$ (93,958)
Interest Payable	16,067	19,329	(3,262)
Accrued Wages Payable	170,095	-	170,095
Due to Fiduciary Funds	10,573	10,573	-
Due to Other Governments	345,524	503,605	(158,081)
Accrued Expenses	-	1,379	(1,379)
Unearned Revenue	-	13,280	(13,280)
Noncurrent Liabilities			
Due Within One Year	588,356	490,406	97,950
Due in More Than One Year	14,288,501	11,278,876	3,009,625
Net Pension Liability (District's Share)	2,341,880	2,326,076	15,804
Net OPEB Liability (District's Share)	2,760,650	3,233,315	(472,665)
Total Liabilities	20,536,563	17,985,714	2,550,849
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow Related to TRS Pension	761,406	936,416	(175,010)
Deferred Inflow Related to TRS OPEB	2,841,117	2,354,122	486,995
Total Deferred Inflows of Resources	3,602,523	3,290,538	311,985
NET POSITION			
Net Investment in Capital Assets	3,432,416	6,320,786	(2,888,370)
Restricted for Federal and State Programs	250,242	6,775	243,467
Restricted for Debt Service	71,195	53,146	18,049
Restricted for Capital Projects	3,499,451	281,396	3,218,055
Restricted for Other Purposes	307	10,788	(10,481)
Unrestricted	(3,933,327)	(4,042,700)	109,373
Total Net Position	\$ 3,320,284	\$ 2,630,191	\$ 690,093

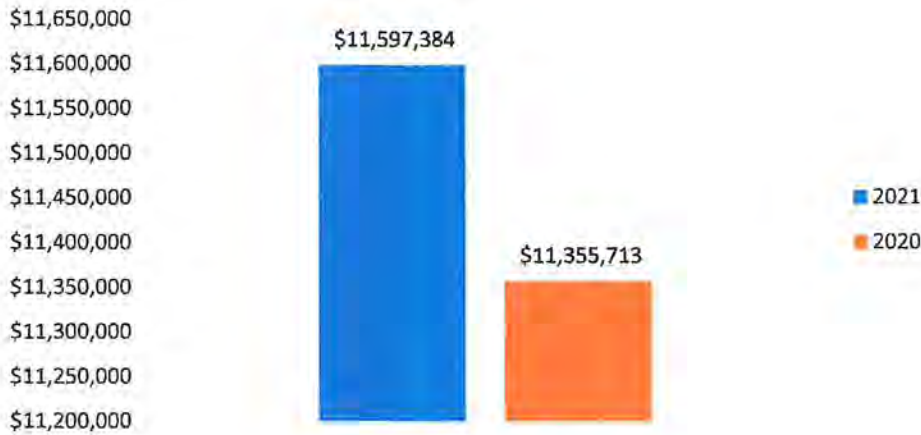
Table II
SANTA MARIA INDEPENDENT SCHOOL DISTRICT
CHANGES IN POSITION

	Governmental Activities 2021	Governmental Activities 2020	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 41,064	\$ 74,929	\$ (33,865)
Operating Grants and Contributions	2,582,703	2,026,398	556,305
General Revenues:			
Property Taxes	1,009,238	972,555	36,683
Grants and Contributions not Restricted	8,605,306	8,605,355	(49)
Investment Earnings	4,257	45,140	(40,883)
Miscellaneous Revenue	44,909	35,552	9,357
Total Revenue	<u>12,287,477</u>	<u>11,759,929</u>	<u>527,548</u>
Expenses:			
Instruction	6,210,489	5,984,680	225,809
Instructional Resources and Media Services	111,505	118,565	(7,060)
Curriculum and Instructional Staff Development	47,747	29,086	18,661
Instructional Leadership	230,415	73,338	157,077
School Leadership	491,432	497,871	(6,439)
Guidance, Counseling, and Evaluation Services	197,554	220,315	(22,761)
Social Work Services	47,603	112,815	(65,212)
Health Services	68,197	88,652	(20,455)
Student (Pupil) Transportation	262,134	311,277	(49,143)
Food Services	651,730	663,430	(11,700)
Extracurricular Activities	334,838	373,095	(38,257)
General Administration	813,639	915,518	(101,879)
Facilities Maintenance and Operations	979,316	1,013,100	(33,784)
Security and Monitoring Services	176,738	158,057	18,681
Data Processing Services	182,782	196,984	(14,202)
Community Services	163,056	50,072	112,984
Debt Service - Interest on Long Term Debt	199,400	378,042	(178,642)
Debt Service - Bond Issuance Costs and Fees	297,154	4,800	292,354
Payments Related to Shared Services Arrangements	107,876	129,771	(21,895)
Other Intergovernmental Charges	23,779	36,245	(12,466)
Total Expenses	<u>11,597,384</u>	<u>11,355,713</u>	<u>241,671</u>
Change in Net Position	690,093	404,216	285,877
Net Position - Beginning of Year	2,630,191	2,225,975	404,216
Net Position - End of Year	<u>\$ 3,320,284</u>	<u>\$ 2,630,191</u>	<u>\$ 690,093</u>

Governmental Activities - Revenues by Source (in dollars)



Governmental Activities - Expenditures by Source (in dollars)



As the District completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$6,757,431, which represents a net increase of \$3,547,255 over last year's total of \$3,210,176. The increase is due, in part, to an increase in revenues.

The District's General Fund balance of \$2,946,572 reported on page 53 differs from the General Fund's budgetary fund balance of \$2,773,803 reported in the budgetary comparison schedule, which is a difference of \$172,769.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had \$26.3 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:

	2021	2020
Land	\$ 247,824	\$ 247,824
Construction in Progress	-	10,114,089
Buildings & Improvements	24,284,791	13,562,913
Furniture and Equipment	813,189	805,733
Vehicles	959,026	959,026
Totals at Historical Cost	26,304,830	25,689,585
Accumulated Depreciation	(8,008,640)	(7,548,309)
Total Capital Assets (Net)	\$ 18,296,190	\$ 18,141,276

More detailed information about the District's capital assets is presented in Note D (page 34) to the financial statements.

Debt

At year-end, the District had \$14,876,857 in bonds and other long-term debt outstanding, which is a net increase from the prior year by \$3,107,577.

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 District's elected and appointed officials considered many factors when setting the fiscal year 2021-2022 budget tax rates. One of those factors is the economy. The District's population has decreased.

The adopted budget for 2021-2022 is \$9,369,484 which is up \$54,994. The tax rate for the year 2021-2022 totaled 1.051700. The appraised value for 2021-2022 budget was \$102,493,600 up approximately \$4.5 million. General operating state estimated revenue per student increased from \$13,280 to \$14,328 and general operating appropriation per student increased from \$1,506 to \$1,799 in the 2021-2022 budget. The 2021-2022 refined average daily attendance is expected to be 546, which is down from the 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, 2021

EXHIBIT A-1

Data Control Codes		Primary Government
		Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	\$ 5,368,159
1120	Current Investments	1,095,034
1220	Property Taxes - Delinquent	168,124
1230	Allowance for Uncollectible Taxes	(25,219)
1240	Due from Other Governments	827,795
1290	Other Receivables, Net	1,085
1300	Inventories	6,467
	Capital Assets:	
1510	Land	247,824
1520	Buildings, Net	17,578,171
1530	Furniture and Equipment, Net	470,195
1000	Total Assets	25,737,635
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred Charge for Refunding	13,082
1705	Deferred Outflow Related to TRS Pension	977,290
1706	Deferred Outflow Related to TRS OPEB	731,363
1700	Total Deferred Outflows of Resources	1,721,735
LIABILITIES		
2110	Accounts Payable	14,917
2140	Interest Payable	16,067
2160	Accrued Wages Payable	170,095
2177	Due to Fiduciary Funds	10,573
2180	Due to Other Governments	345,524
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc.	588,356
	Due in More than One Year:	
2502	Bonds, Notes, Leases, etc.	14,288,501
2540	Net Pension Liability (District's Share)	2,341,880
2545	Net OPEB Liability (District's Share)	2,760,650
2000	Total Liabilities	20,536,563
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS Pension	761,406
2606	Deferred Inflow Related to TRS OPEB	2,841,117
2600	Total Deferred Inflows of Resources	3,602,523
NET POSITION		
3200	Net Investment in Capital Assets	3,432,416
	Restricted:	
3820	Restricted for Federal and State Programs	250,242
3850	Restricted for Debt Service	71,195
3860	Restricted for Capital Projects	3,499,451
3870	Restricted for Campus Activities	307
3900	Unrestricted	(3,933,327)
3000	Total Net Position	\$ 3,320,284

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, 2021

EXHIBIT B-1

FOR THE YEAR ENDED AUGUST 31, 2021					Net (Expense) Revenue and Changes in Net Position	
Data Control Codes	1	Program Revenues		3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions			Primary Gov. Governmental Activities
Primary Government:						
GOVERNMENTAL ACTIVITIES:						
11	Instruction	\$ 6,210,489	\$ 39,550	\$ 1,577,465	\$ (4,593,474)	
12	Instructional Resources and Media Services	111,505	-	21,750	(89,755)	
13	Curriculum and Instructional Staff Development	47,747	-	24,460	(23,287)	
21	Instructional Leadership	230,415	-	168,499	(61,916)	
23	School Leadership	491,432	-	-	(491,432)	
31	Guidance, Counseling, and Evaluation Services	197,554	-	-	(197,554)	
32	Social Work Services	47,603	-	49,076	1,473	
33	Health Services	68,197	-	-	(68,197)	
34	Student (Pupil) Transportation	262,134	-	-	(262,134)	
35	Food Services	651,730	1,514	624,546	(25,670)	
36	Extracurricular Activities	334,838	-	-	(334,838)	
41	General Administration	813,639	-	-	(813,639)	
51	Facilities Maintenance and Operations	979,316	-	-	(979,316)	
52	Security and Monitoring Services	176,738	-	14,442	(162,296)	
53	Data Processing Services	182,782	-	-	(182,782)	
61	Community Services	163,056	-	102,465	(60,591)	
72	Debt Service - Interest on Long-Term Debt	199,400	-	-	(199,400)	
73	Debt Service - Bond Issuance Cost and Fees	297,154	-	-	(297,154)	
93	Payments Related to Shared Services Arrangements	107,876	-	-	(107,876)	
99	Other Intergovernmental Charges	23,779	-	-	(23,779)	
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 11,597,384	\$ 41,064	\$ 2,582,703	(8,973,617)	
Data Control Codes	General Revenues:					
	Taxes:					
MT	Property Taxes, Levied for General Purposes				719,451	
DT	Property Taxes, Levied for Debt Service				289,787	
GC	Grants and Contributions not Restricted				8,605,306	
IE	Investment Earnings				4,257	
MI	Miscellaneous Local and Intermediate Revenue				44,909	
TR	Total General Revenues				9,663,710	
CN	Change in Net Position				690,093	
NB	Net Position - Beginning				2,630,191	
NE	Net Position - Ending				\$ 3,320,284	

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 2,113,712	\$ 151,791	\$ 3,396,922
1120 Investments - Current	1,073,601	-	21,433
1220 Property Taxes - Delinquent	116,579	51,545	-
1230 Allowance for Uncollectible Taxes	(17,487)	(7,732)	-
1240 Due from Other Governments	281,771	-	-
1260 Due from Other Funds	46,448	-	82,096
1290 Other Receivables	-	-	-
1300 Inventories	6,467	-	-
1000 Total Assets	<u>\$ 3,621,091</u>	<u>\$ 195,604</u>	<u>\$ 3,500,451</u>
LIABILITIES			
2110 Accounts Payable	\$ 4,411	\$ -	\$ -
2160 Accrued Wages Payable	170,095	-	-
2170 Due to Other Funds	57,521	80,596	1,000
2180 Due to Other Governments	343,400	-	-
2000 Total Liabilities	<u>575,427</u>	<u>80,596</u>	<u>1,000</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	99,092	43,813	-
2600 Total Deferred Inflows of Resources	<u>99,092</u>	<u>43,813</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	71,195	-
Assigned Fund Balance:			
3550 Construction	-	-	3,499,451
3590 Other Assigned Fund Balance	-	-	-
3600 Unassigned Fund Balance	2,946,572	-	-
3000 Total Fund Balances	<u>2,946,572</u>	<u>71,195</u>	<u>3,499,451</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,621,091</u>	<u>\$ 195,604</u>	<u>\$ 3,500,451</u>

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

Other Funds	Total Governmental Funds
\$ (294,266)	\$ 5,368,159
-	1,095,034
-	168,124
-	(25,219)
546,024	827,795
-	128,544
1,085	1,085
-	6,467
<u>\$ 252,843</u>	<u>\$ 7,569,989</u>
\$ 10,506	\$ 14,917
-	170,095
-	139,117
2,124	345,524
<u>12,630</u>	<u>669,653</u>
-	142,905
-	142,905
250,242	250,242
-	71,195
-	3,499,451
307	307
(10,336)	2,936,236
<u>240,213</u>	<u>6,757,431</u>
<u>\$ 252,843</u>	<u>\$ 7,569,989</u>

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 6,757,431
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 \$25,689,585 and the accumulated depreciation was (\$7,548,309). 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.	6,352,665
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 2021 capital outlays and debt principal payments is to decrease net position.	(2,479,247)
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 \$977,290, a deferred resource inflow in the amount of \$761,406, and net pension liability in the amount of \$2,341,880. This resulted in an increase (decrease) in net position.	(2,125,996)
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 \$731,363, a deferred resource inflow in the amount of \$2,841,117, and a net OPEB liability in the amount of \$2,760,650. This resulted in an increase (decrease) in net position.	(4,870,404)
6 The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(460,331)
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.	146,166
19 Net Position of Governmental Activities	\$ 3,320,284

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 809,872	\$ 301,768	\$ 509
5800 State Program Revenues	7,887,230	478,216	-
5900 Federal Program Revenues	768,839	-	-
5020 Total Revenues	9,465,941	779,984	509
EXPENDITURES:			
Current:			
0011 Instruction	4,530,666	-	-
0012 Instructional Resources and Media Services	87,802	-	-
0013 Curriculum and Instructional Staff Development	15,929	-	-
0021 Instructional Leadership	63,669	-	-
0023 School Leadership	465,528	-	-
0031 Guidance, Counseling, and Evaluation Services	183,997	-	-
0032 Social Work Services	-	-	-
0033 Health Services	63,553	-	-
0034 Student (Pupil) Transportation	249,976	-	-
0035 Food Services	608,537	-	-
0036 Extracurricular Activities	324,069	-	-
0041 General Administration	771,005	-	-
0051 Facilities Maintenance and Operations	893,750	-	-
0052 Security and Monitoring Services	161,188	-	-
0053 Data Processing Services	182,962	-	-
0061 Community Services	59,447	-	-
Debt Service:			
0071 Principal on Long-Term Debt	140,383	410,000	-
0072 Interest on Long-Term Debt	6,011	346,380	-
0073 Bond Issuance Cost and Fees	-	112,774	184,380
Capital Outlay:			
0081 Facilities Acquisition and Construction	6,050	-	632,455
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	107,876	-	-
0099 Other Intergovernmental Charges	20,774	3,005	-
6030 Total Expenditures	8,943,172	872,159	816,835
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	522,769	(92,175)	(816,326)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	1,265,000	3,325,000
7915 Transfers In	-	-	350,000
7916 Premium or Discount on Issuance of Bonds	-	189,760	359,381
8911 Transfers Out (Use)	(350,000)	-	-
8949 Other (Uses)	-	(1,344,536)	-
7080 Total Other Financing Sources (Uses)	(350,000)	110,224	4,034,381
1200 Net Change in Fund Balances	172,769	18,049	3,218,055
0100 Fund Balance - September 1 (Beginning)	2,773,803	53,146	281,396
3000 Fund Balance - August 31 (Ending)	\$ 2,946,572	\$ 71,195	\$ 3,499,451

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

Other Funds	Total Governmental Funds
\$ -	\$ 1,112,149
31,027	8,396,473
1,937,224	2,706,063
1,968,251	12,214,685

1,439,083	5,969,749
21,750	109,552
24,460	40,389
168,499	232,168
-	465,528
-	183,997
49,076	49,076
-	63,553
-	249,976
10,094	618,631
-	324,069
-	771,005
-	893,750
14,442	175,630
-	182,962
102,465	161,912
-	550,383
-	352,391
-	297,154
-	638,505
-	107,876
-	23,779
1,829,869	12,462,035
138,382	(247,350)

-	4,590,000
-	350,000
-	549,141
-	(350,000)
-	(1,344,536)
-	3,794,605
138,382	3,547,255
101,831	3,210,176
\$ 240,213	\$ 6,757,431

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, 2021

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 3,547,255
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 2021 capital outlays and debt principal payments is to decrease net position.	(2,479,247)
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.	(460,331)
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.	(9,420)
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 \$214,779. 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 \$182,482. 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 \$133,746. The net result is an increase (decrease) in the change in net position.	(101,449)
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 \$65,589. 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 \$56,725. 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 (\$184,421). The net result is an increase (decrease) in the change in net position.	193,285
Change in Net Position of Governmental Activities	\$ 690,093

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, 2021

	Private Purpose Trust Fund	Total Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 1,930	\$ 31,527
Due from Other Funds	-	10,573
Total Assets	<u>1,930</u>	<u>\$ 42,100</u>
LIABILITIES		
Payroll Deductions and Withholdings Payable	-	360
Due to Student Groups	1,930	41,740
Total Liabilities	<u>1,930</u>	<u>42,100</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2021

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, 2021

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, 2021

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 agent 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 is 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, 2021

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	\$ 116,579	\$ 51,545	\$ 168,124
Allowance for Uncollectible Taxes	(17,487)	(7,732)	(25,219)
Net Taxes	<u>\$ 99,092</u>	<u>\$ 43,813</u>	<u>\$ 142,905</u>

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

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

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, 2021

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, 2021

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>
Other Federal Special Revenue Funds	(\$2,341)	Requires General Fund Transfer
Other State Special Revenue Funds	(\$7,995)	Requires General Fund Transfer

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

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:

	<u>August 31, 2021 Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 557,000
Nonappropriated Budget Funds	<u>1,981,794</u>
All Special Revenue Funds	<u>\$ 2,538,794</u>

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

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	35 - Food Services	\$ (24,491)
General Fund	52 - Security & Monitoring Services	(1,294)
General Fund	99 - Other Intergovernmental Charges	(2,648)
Child Nutrition Program	35 - Food Services	(32,191)
Debt Service Fund	71 - Principal on Long-Term Debt	(35,000)
Debt Service Fund	73 - Bond Issuance Cost & Fees	(110,774)

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, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$6,494,720 and the bank balance was \$6,446,467. The District's cash deposits at August 31, 2021 and during the year ended August 31, 2021, were entirely covered by the FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

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, 2021 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	N/A	\$ 1,095,034
Total Investments		<u>\$ 1,095,034</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, 2021, 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

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.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

c. Concentration of Credit Risk

This is the risk that in 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.

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.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

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, 2021

D. CAPITAL ASSETS

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated				
Land	\$ 247,824	\$ -	\$ -	\$ 247,824
Construction in Progress	10,114,089	-	10,114,089	-
Total capital assets not being depreciated	10,361,913	-	10,114,089	247,824
Capital assets being depreciated:				
Buildings and Improvements	13,562,913	10,721,878	-	24,284,791
Furniture and Equipment	805,733	7,456	-	813,189
Vehicles	959,026	-	-	959,026
Totals capital assets being depreciated	15,327,672	10,729,334	-	26,057,006
Less Accumulated Depreciation for:				
Buildings and improvements	(6,337,745)	(368,875)	-	(6,706,620)
Furniture & Equipment	(471,712)	(39,563)	-	(511,275)
Vehicles	(738,852)	(51,893)	-	(790,745)
Total Accumulated Depreciation	(7,548,309)	(460,331)	-	(8,008,640)
Total capital assets being depreciated, net	\$ 18,141,276	\$ 10,269,003	\$ 10,114,089	\$ 18,296,190
Depreciation was charged to functions as follows:				
Instruction	\$ 243,128			
Instructional Resources and Media Services	2,200			
Curriculum Development and Instructional Staff Development	7,738			
Instructional Leadership	3,831			
School Leadership	23,727			
Guidance, Counseling, & Evaluating Services	15,811			
Health Services	4,734			
Student (Pupil) Transportation	11,291			
Food Services	31,543			
Cocurricular/Extracurricular Activities	13,120			
General Administration	40,364			
Plant Maintenance and Operation	53,834			
Security and Monitoring Services	234			
Data Processing Services	7,248			
Community Services	1,528			
Total Depreciation Expense	\$ 460,331			

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2021

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	Trust & Agency funds	\$ 10,573
General Fund	Food Service	46,948
Capital Projects	General Fund	1,000
Debt Service	Capital Projects	80,596
		<u>\$ 139,117</u>

F. FUND BALANCES

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

Restricted Fund Balances:

Federal/State Funds Grant Restrictions	250,242
Retirement of Long-Term Debt	71,195
	<u>321,437</u>

Assigned Fund Balances:

Construction	3,499,451
Other Assigned	307

Unassigned:	<u>2,936,236</u>
Total Fund Balances	<u>\$ 6,757,431</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, 2021

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, 2021, are as follows:

Description	Maturity Date	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance 09/01/20	Increases	Decreases	Ending Balance 08/31/2021	Due within one year
2010 Unlimited Tax Refunding bond	2/15/2031	3-5%	\$ 2,445,000	\$ -	\$ 905,000	\$ -	\$ 905,000	\$ -	\$ -
2010 Unlimited Tax School Building bond	2/15/2030	3-5%	735,000	-	425,000	-	425,000	-	-
2015 Time Warrants	7/15/2022	2.6%	788,211	5,025	238,708	-	117,806	120,902	120,901
2015 Time Warrants	7/15/2022	2.6%	151,005	963	45,736	-	22,576	23,160	23,162
2015 Unlimited Tax Refunding Bonds	2/15/2034	2-4%	1,565,000	45,450	1,220,000	-	65,000	1,155,000	70,000
2016 Unlimited Tax School Building Bonds	2/15/2046	2-4%	6,005,000	212,425	5,490,000	-	125,000	5,365,000	130,000
2016A Unlimited Tax School Building Bonds	2/15/2046	2-4%	2,795,000	87,912	2,545,000	-	60,000	2,485,000	60,000
2021 Unlimited Tax School Building Bonds	2/15/2051	3-5%	3,325,000	-	-	3,325,000	-	3,325,000	55,000
2020 Unlimited Tax Refunding Bonds	2/15/2031	2-4%	1,265,000	-	-	1,265,000	160,000	1,105,000	55,000
Premium and discount			-	-	899,836	549,142	151,183	1,297,795	74,293
Total Long-Term Debt				\$ 351,775	\$ 11,769,280	\$ 5,139,142	\$ 2,031,565	\$ 14,876,857	\$ 588,356
Net Pension Liability					2,326,076	196,219	180,415	2,341,880	-
Net OPEB Liability					3,233,315	(417,468)	55,197	2,760,650	-
Total Other Long-Term Debt					5,559,391	(221,249)	235,612	5,102,530	-
Total Governmental Activities				\$ 351,775	\$ 17,328,671	\$ 4,917,893	\$ 2,267,177	\$ 19,979,387	\$ 588,356

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2021, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2022	514,063	502,760	1,016,823
2023	430,000	481,163	911,163
2024	450,000	464,638	914,638
2025	475,000	446,163	921,163
2026	495,000	426,063	921,063
Thereafter	11,215,000	4,393,412	15,608,412
Totals	\$ 13,579,062	\$ 6,714,199	\$ 20,293,262

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, 2021

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.

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 2021, the District purchased commercial insurance to cover general liabilities. There were no significant reduction in coverage in the past fiscal year and. The 2020 COVID-19 (Coronavirus) pandemic continues to disrupt businesses in America and the entire World. The District is striving to be highly attuned and is maintaining a heightened state of readiness for the principal risks and increased uncertainties ahead. Given the potential for rapid spreading of the virus, management will be evaluating the current and potential effects on its operations and financial reporting. There were no settlements exceeding insurance coverage for each of the past three fiscal years.

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 is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

B. Pension Plan Fiduciary Net Position

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

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. 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.

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

D. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 12 of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2020 thru 2025.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

Contribution Rates		
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Santa Maria ISD 2021 Employer Contributions		\$ 214,779
Santa Maria ISD 2021 Member Contributions		\$ 507,306
Santa Maria ISD 2020 NECE On-Behalf Contributions		\$ 370,404

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

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

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

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

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

E. Actuarial Assumptions

The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.3%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
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, 2019. For a full description of these assumptions please see the actuarial valuation reported dated November 14, 2019.

F. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25. 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 sufficient to finance the 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.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

The long-term rate of return on pension plan investments is 7.25%. The long-term 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 arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are summarized below:

	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution to Long- Term Portfolio Returns ³
Global Equity			
U.S.	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Stable Value Hedge	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy and Natural Resources	6.00%	6.00%	0.42%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag			-0.67%
Total	100%		7.33%

¹ Target allocations are based on the FY2020 policy model.

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

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

G. Discount Rate Sensitivity Analysis

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICTNotes to the Financial Statements
For The Year Ended August 31, 2021

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Santa Maria's proportionate share of the net pension liability:	\$ 3,611,136	\$ 2,341,880	\$ 1,310,636

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

At August 31, 2021, the District reported a liability of \$2,341,880 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	\$ 2,341,880
State's proportionate share that is associated with the District	<u>4,808,036</u>
Total	<u>\$ 7,149,916</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was .0043726080%, which was an increase (decrease) of (.0001020665%) from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

The following were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2021, the District recognized pension expense of \$894,528 and revenue of \$578,300 for support provided by the State.

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICTNotes to the Financial Statements
For The Year Ended August 31, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,276	\$ 65,356
Changes in actuarial assumptions	543,399	231,050
Difference between projected and actual investment earnings	47,410	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	167,426	465,000
Total as August 31, 2020 measurement date	\$ 762,511	\$ 761,406
Contributions paid to TRS subsequent to the measurement date	214,779	-
Total as of fiscal year-end	\$ 977,290	\$ 761,406

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
2022	\$ 35,824
2023	25,997
2024	(5,772)
2025	(18,837)
2026	(33,472)
Thereafter	(2,635)

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**A. Plan Description**

The Santa Maria Independent School 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 that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

B. OPEB Plan Fiduciary Net Position

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

C. Benefits Provided

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

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. 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. There are no automatic post-employment benefit changes; including automatic COLAs.

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.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2020	2021
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Santa Maria ISD 2021 Employer Contributions	\$	65,589
Santa Maria ISD 2021 Member Contributions	\$	42,577
Santa Maria ISD 2020 NECE On-Behalf Contributions	\$	74,171

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

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 \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

E. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2020 TRS ACFR, Note 9, page 75.*

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

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

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

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
	2.33% - 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"
Municipal Bond Rate as of August 2020	
Last year ending August 31 in Projection Period (100 years)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

F. Discount Rate.

A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of .30 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 applied to all periods of projected benefits payments to determine the total OPEB liability.

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% or less than and 1% greater than the discount rate that was used 2.33% in measuring the Net OPEB Liability.

SANTA MARIA INDEPENDENT SCHOOL DISTRICTNotes to the Financial Statements
For The Year Ended August 31, 2021

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
Santa Maria's proportionate share of the Net OPEB liability:	\$ 3,312,774	\$ 2,760,650	\$ 2,324,552

3

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

At August 31, 2021, the District reported a liability of \$2,760,650 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	\$ 2,760,650
State's proportionate share that is associated with the District	3,709,652
Total	<u>\$ 6,470,302</u>

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

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was .0072620955% which was an increase (decrease) of .0004250637 from its proportion measured as of August 31, 2019.

Healthcare Cost Trend Rates Sensitivity Analysis

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB liability:	\$ 2,255,098	\$ 2,760,650	\$ 3,433,975

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

Changes Since the Prior Actuarial Valuation

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

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for pre-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered 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, 2021, the District recognized OPEB expense of (\$153,454) and revenue of (\$25,758) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 144,547	\$1,263,415
Changes in actuarial assumptions	170,275	758,089
Difference between projected and actual investment earnings	897	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	350,055	819,613
Total as August 31, 2020 measurement date	\$ 665,774	\$2,841,117
Contributions paid to TRS subsequent to the measurement date	65,589	-
Total as of fiscal year-end	\$ 731,363	\$2,841,117

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

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
2022	\$ (374,705)
2023	(374,825)
2024	(374,896)
2025	(374,878)
2026	(301,139)
Thereafter	(374,900)

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 2021, 2020 and 2019 were \$26,255, \$25,799, and \$21,127 respectively.

M. HEALTH CARE COVERAGE

During the year ended August 31, 2021, 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.

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2021

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	\$ 99,092	\$ -	\$ 43,813	\$ 142,905
Federal Grant	-	-	-	-
Total Deferred Revenue	<u>\$ 99,092</u>	<u>\$ -</u>	<u>\$ 43,813</u>	<u>\$ 142,905</u>

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, 2021, 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	\$ 281,771	\$ -	\$ 281,771
Special Revenue	-	546,024	546,024
Total	<u>281,771</u>	<u>546,024</u>	<u>827,795</u>
<u>DUE TO FUND</u>			
General	343,400	-	343,400
Special Revenue	-	2,124	2,124
	<u>\$ 343,400</u>	<u>\$ 2,124</u>	<u>\$ 345,524</u>

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For The Year Ended August 31, 2021

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	\$ 732,132	\$ 289,787	\$ -	\$ 1,021,919
Penalties, Interest and Other				
Tax-related Income	33,233	11,677	-	44,910
Investment Income	3,443	304	509	4,256
Food Sales	1,514	-	-	1,514
Other	39,550	-	-	39,550
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 809,872</u>	<u>\$ 301,768</u>	<u>\$ 509</u>	<u>\$ 1,112,149</u>

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 2020-2021	<u>\$ 298,580</u>
b) Subtract any non-medical expenditures	
Life Insurance	\$ 1,498
Long-Term Disability	<u>-</u>
c) 2020-2021 Maintenance of Effort	<u>\$ 297,082</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	\$ 99,092	\$ 43,813
Total Exhibit C-1	<u>\$ 99,092</u>	<u>\$ 43,813</u>

SANTA MARIA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements For The Year Ended August 31, 2021

Deferred outflows of resources and deferred inflows resources related to pensions is \$977,290 and \$761,406, respectively. Deferred outflows of resources and deferred inflows resources related to other post-employment benefits is \$731,363 and \$2,841,117, respectively See related details of pension plan obligations in Note I and other post-employment benefits in Note J.

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred Loss on Refunding 2020/2021	\$ -	\$ 14,536	\$ 1,454	\$ 13,082
Total	\$ -	\$ 14,536	\$ 1,454	\$ 13,082

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.

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. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 26, 2022, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 789,500	\$ 834,500	\$ 809,872	\$ (24,628)
5800 State Program Revenues	7,867,990	7,874,990	7,887,230	12,240
5900 Federal Program Revenues	100,000	640,669	768,839	128,170
5020 Total Revenues	8,757,490	9,350,159	9,465,941	115,782
EXPENDITURES:				
Current:				
0011 Instruction	4,391,576	4,594,045	4,530,666	63,379
0012 Instructional Resources and Media Services	104,869	96,869	87,802	9,067
0013 Curriculum and Instructional Staff Development	50,055	40,055	15,929	24,126
0021 Instructional Leadership	42,335	70,835	63,669	7,166
0023 School Leadership	436,946	471,946	465,528	6,418
0031 Guidance, Counseling, and Evaluation Services	142,363	189,563	183,997	5,566
0032 Social Work Services	46,719	6,719	-	6,719
0033 Health Services	92,922	92,922	63,553	29,369
0034 Student (Pupil) Transportation	365,829	305,829	249,976	55,853
0035 Food Services	17,046	584,046	608,537	(24,491)
0036 Extracurricular Activities	371,524	371,524	324,069	47,455
0041 General Administration	955,612	830,612	771,005	59,607
0051 Facilities Maintenance and Operations	964,914	911,414	893,750	17,664
0052 Security and Monitoring Services	147,894	159,894	161,188	(1,294)
0053 Data Processing Services	219,927	204,927	182,962	21,965
0061 Community Services	53,676	65,676	59,447	6,229
Debt Service:				
0071 Principal on Long-Term Debt	191,118	183,433	140,383	43,050
0072 Interest on Long-Term Debt	-	7,685	6,011	1,674
Capital Outlay:				
0081 Facilities Acquisition and Construction	14,617	14,617	6,050	8,567
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	129,422	129,422	107,876	21,546
0099 Other Intergovernmental Charges	18,126	18,126	20,774	(2,648)
6030 Total Expenditures	8,757,490	9,350,159	8,943,172	406,987
1100 Excess of Revenues Over Expenditures	-	-	522,769	522,769
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	(350,000)	(350,000)
1200 Net Change in Fund Balances	-	-	172,769	172,769
0100 Fund Balance - September 1 (Beginning)	2,773,803	2,773,803	2,773,803	-
3000 Fund Balance - August 31 (Ending)	\$ 2,773,803	\$ 2,773,803	\$ 2,946,572	\$ 172,769

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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, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.004372608%	0.004474675%	0.004645704%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,341,880	\$ 2,326,076	\$ 2,557,108
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	4,808,036	4,502,511	4,561,516
Total	<u>\$ 7,149,916</u>	<u>\$ 6,828,587</u>	<u>\$ 7,118,624</u>
District's Covered Payroll	\$ 6,215,835	\$ 5,767,960	\$ 5,443,232
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	37.68%	40.33%	46.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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

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

<u>FY 2018</u>		<u>FY 2017</u>		<u>FY 2016</u>		<u>FY 2015</u>	
<u>Plan Year 2017</u>		<u>Plan Year 2016</u>		<u>Plan Year 2015</u>		<u>Plan Year 2014</u>	
0.005789164%		0.006931679%		0.0060715%		0.004028%	
\$	1,851,063	\$	2,619,379	\$	2,146,194	\$	1,075,935
2,781,615		3,627,099		3,672,517		2,942,014	
\$	4,632,678	\$	6,246,478	\$	5,818,711	\$	4,017,949
\$	5,783,140	\$	6,202,071	\$	5,850,793	\$	5,476,195
32.01%		42.23%		36.68%		19.65%	
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 2021

	2021	2020	2019
Contractually Required Contribution	\$ 214,779	\$ 182,482	\$ 157,661
Contribution in Relation to the Contractually Required Contribution	(214,779)	(182,482)	(157,661)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 6,550,301	\$ 6,215,835	\$ 5,767,960
Contributions as a Percentage of Covered Payroll	3.28%	2.94%	2.73%

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

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

2018		2017		2016		2015	
\$	150,923	\$	174,535	\$	225,375	\$	179,685
	(150,923)		(174,535)		(225,375)		(179,685)
\$	-	\$	-	\$	-	\$	-
\$	5,443,232	\$	5,783,140	\$	6,202,071	\$	5,850,793
	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, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.007262096%	0.006837032%	0.006604846%	0.008593942%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 2,760,650	\$ 3,233,315	\$ 3,297,860	\$ 3,737,183
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	3,709,652	4,296,354	4,611,201	4,274,812
Total	<u>\$ 6,470,302</u>	<u>\$ 7,529,669</u>	<u>\$ 7,909,061</u>	<u>\$ 8,011,995</u>
District's Covered Payroll	\$ 6,215,835	\$ 5,767,960	\$ 5,443,232	\$ 5,783,140
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	44.41%	56.06%	60.59%	64.62%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

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

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

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

	2021	2020	2019	2018
Contractually Required Contribution	\$ 65,589	\$ 56,725	\$ 48,568	\$ 45,317
Contribution in Relation to the Contractually Required Contribution	(65,589)	(56,725)	(48,568)	(45,317)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 6,550,301	\$ 6,215,835	\$ 5,767,960	\$ 5,443,232
Contributions as a Percentage of Covered Payroll	1.00%	0.91%	0.84%	0.83%

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.

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COMBINING AND OTHER STATEMENTS

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

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	242 Summer Feeding Program	255 ESEA II, A Training and Recruiting
ASSETS					
1110	Cash and Cash Equivalents	\$ (44,401)	\$ (58,175)	\$ (6,660)	\$ (5,824)
1240	Due from Other Governments	44,401	58,175	101,409	5,824
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,749</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2180	Due to Other Governments	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	94,749	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>94,749</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,749</u>	<u>\$ -</u>

EXHIBIT H-1 (Cont'd)

263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	266 ESSER -School Emergency Relief	270 ESEA VI, Pt B Rural & Low Income	274 GEAR UP	277 Coronavirus Relief Fund CARES	282 ESSER-School Emergency Relief III	287 Rise Grant Fund
\$ (5,290)	\$ 686	\$ 47,357	\$ (503)	\$ (306)	\$ (95,800)	\$ (174,686)	\$ 41,412
5,404	910	47,356	503	306	95,800	174,686	-
-	-	-	-	-	-	-	1,085
<u>\$ 114</u>	<u>\$ 1,596</u>	<u>\$ 94,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,497</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	2,124
-	-	-	-	-	-	-	2,124
114	1,596	94,713	-	-	-	-	40,373
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>114</u>	<u>1,596</u>	<u>94,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,373</u>
<u>\$ 114</u>	<u>\$ 1,596</u>	<u>\$ 94,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,497</u>

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

Data Control Codes		289 Other Federal Special Revenue Funds	331 SSA - Career & Technical - Basic Grant	410 State Instructional Materials	415 Kindergarten and Pre-K Grants
ASSETS					
1110	Cash and Cash Equivalents	\$ (2,341)	\$ (10,889)	\$ 18,697	\$ 10,338
1240	Due from Other Governments	-	11,057	-	-
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ (2,341)</u>	<u>\$ 168</u>	<u>\$ 18,697</u>	<u>\$ 10,338</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 168	\$ -	\$ 10,338
2180	Due to Other Governments	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>168</u>	<u>-</u>	<u>10,338</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	18,697	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3600	Unassigned Fund Balance	(2,341)	-	-	-
3000	Total Fund Balances	<u>(2,341)</u>	<u>-</u>	<u>18,697</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ (2,341)</u>	<u>\$ 168</u>	<u>\$ 18,697</u>	<u>\$ 10,338</u>

429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ (8,188)	\$ 307	\$ (294,266)
193	-	546,024
-	-	1,085
<u>\$ (7,995)</u>	<u>\$ 307</u>	<u>\$ 252,843</u>
\$ -	\$ -	\$ 10,506
-	-	2,124
-	-	12,630
-	-	250,242
-	307	307
(7,995)	-	(10,336)
<u>(7,995)</u>	<u>307</u>	<u>240,213</u>
<u>\$ (7,995)</u>	<u>\$ 307</u>	<u>\$ 252,843</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, 2021

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	242 Summer Feeding Program	255 ESEA II, A Training and Recruiting
REVENUES:				
5800 State Program Revenues	\$ -	\$ -	\$ -	\$ -
5900 Federal Program Revenues	357,415	88,369	10,094	16,087
5020 Total Revenues	357,415	88,369	10,094	16,087
EXPENDITURES:				
Current:				
0011 Instruction	191,021	39,293	-	16,087
0012 Instructional Resources and Media Services	21,750	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	103,516	-	-	-
0032 Social Work Services	-	49,076	-	-
0035 Food Services	-	-	10,094	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	41,128	-	-	-
6030 Total Expenditures	357,415	88,369	10,094	16,087
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	94,749	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 94,749	\$ -

263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	266 ESSER -School Emergency Relief	270 ESEA VI, Pt B Rural & Low Income	274 GEAR UP	277 Coronavirus Relief Fund CARES	282 ESSER-School Emergency Relief III	287 Rise Grant Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,453	614,870	217,498	8,016	86,204	95,800	174,686	249,593
5,453	614,870	217,498	8,016	86,204	95,800	174,686	249,593
5,339	491,000	116,581	8,016	86,204	95,800	174,686	184,765
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	24,460
-	64,983	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	6,204	-	-	-	-	-
-	61,337	-	-	-	-	-	-
5,339	617,320	122,785	8,016	86,204	95,800	174,686	209,225
114	(2,450)	94,713	-	-	-	-	40,368
-	4,046	-	-	-	-	-	5
\$ 114	\$ 1,596	\$ 94,713	\$ -	\$ -	\$ -	\$ -	\$ 40,373

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

Data Control Codes	289 Other Federal Special Revenue Funds	331 SSA - Career & Technical - Basic Grant	410 State Instructional Materials	415 Kindergarten and Pre-K Grants
REVENUES:				
5800 State Program Revenues	\$ -	\$ -	\$ 31,027	\$ -
5900 Federal Program Revenues	2,250	10,889	-	-
5020 Total Revenues	2,250	10,889	31,027	-
EXPENDITURES:				
Current:				
0011 Instruction	4,591	10,889	14,811	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0032 Social Work Services	-	-	-	-
0035 Food Services	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	4,591	10,889	14,811	-
1200 Net Change in Fund Balance	(2,341)	-	16,216	-
0100 Fund Balance - September 1 (Beginning)	-	-	2,481	-
3000 Fund Balance - August 31 (Ending)	\$ (2,341)	\$ -	\$ 18,697	\$ -

429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 31,027
-	-	1,937,224
-	-	1,968,251
-	-	1,439,083
-	-	21,750
-	-	24,460
-	-	168,499
-	-	49,076
-	-	10,094
8,238	-	14,442
-	-	102,465
8,238	-	1,829,869
(8,238)	-	138,382
243	307	101,831
\$ (7,995)	\$ 307	\$ 240,213

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
AUGUST 31, 2021

EXHIBIT H-3

	863 Payroll Activity Fund	865 Custodial Fund Student Activity Acct	Total Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ 360	\$ 31,167	\$ 31,527
Due from Other Funds	-	10,573	10,573
Total Assets	360	41,740	42,100
LIABILITIES			
Payroll Deductions and Withholdings Payable	360	-	360
Due to Student Groups	-	41,740	41,740
Total Liabilities	360	41,740	42,100

T.E.A. REQUIRED SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ 346,921,153
2013	1.040000	0.240000	39,547,355
2014	1.040000	0.240000	40,939,688
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 (School year under audit)	1.051700	0.465000	67,458,971
1000 TOTALS			

(10) Beginning Balance 9/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2021
\$ 32,589	\$ -	\$ 282	\$ 36	\$ (4,767)	\$ 27,504
2,841	-	4	1	(64)	2,772
4,742	-	303	70	(64)	4,305
4,934	-	1,351	127	(64)	3,392
5,246	-	1,249	139	24	3,882
11,644	-	3,863	1,024	634	7,391
18,052	-	7,106	2,490	3,898	12,354
35,202	-	13,653	4,784	3,750	20,515
67,793	-	31,908	12,395	2,599	26,089
-	1,022,678	689,719	271,388	(1,651)	59,920
<u>\$ 183,043</u>	<u>\$ 1,022,678</u>	<u>\$ 749,438</u>	<u>\$ 292,454</u>	<u>\$ 4,295</u>	<u>\$ 168,124</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, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 45,000	\$ 45,000	\$ 24,168	\$ (20,832)
5800 State Program Revenues	7,000	7,000	20,651	13,651
5900 Federal Program Revenues	505,000	505,000	593,801	88,801
5020 Total Revenues	557,000	557,000	638,620	81,620
EXPENDITURES:				
Current:				
0035 Food Services	-	557,000	589,191	(32,191)
6030 Total Expenditures	-	557,000	589,191	(32,191)
1200 Net Change in Fund Balances	557,000	-	49,429	49,429
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ 557,000	\$ -	\$ 49,429	\$ 49,429

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, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 284,876	\$ 284,876	\$ 301,768	\$ 16,892
5800 State Program Revenues	470,000	470,000	478,216	8,216
5020 Total Revenues	754,876	754,876	779,984	25,108
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	375,000	375,000	410,000	(35,000)
0072 Interest on Long-Term Debt	362,876	360,876	346,380	14,496
0073 Bond Issuance Cost and Fees	-	2,000	112,774	(110,774)
Intergovernmental:				
0099 Other Intergovernmental Charges	17,000	17,000	3,005	13,995
6030 Total Expenditures	754,876	754,876	872,159	(117,283)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(92,175)	(92,175)
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	-	1,265,000	1,265,000
7916 Premium or Discount on Issuance of Bonds	-	-	189,760	189,760
8949 Other (Uses)	-	-	(1,344,536)	(1,344,536)
7080 Total Other Financing Sources (Uses)	-	-	110,224	110,224
1200 Net Change in Fund Balances	-	-	18,049	18,049
0100 Fund Balance - September 1 (Beginning)	-	53,146	53,146	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 53,146	\$ 71,195	\$ 18,049

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

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Raul Hernandez & Company, P.C.

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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, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 26, 2022.

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 26, 2022

Raul Hernandez & Company, P.C.

Certified Public Accountants
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Corpus Christi, Texas 78411
Office (361)980-0482 Fax (361)980-1002

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited Santa Maria Independent School District's compliance with the types of compliance requirements described 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, 2021. Santa Maria Independent School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards by the Uniform Guidance

We have audited the financial statements of Santa Maria Independent School District as of and for the year ended August 31, 2021, and have issued our report thereon dated January 26, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Raul Hernandez & Company, P.C.

Corpus Christi, TX

January 26, 2022

**SANTA MARIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2021**

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

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

Auditee qualified as low-risk auditee? X Yes No

B. Findings related to the Financial Statements which are required to be reported in accordance with generally accepted government auditing standards. None.

1. Questioned Costs: \$0.

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

NONE

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2021

N/A

SANTA MARIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF THE TREASURY			
<u>Passed Through State Department of Education</u>			
COVID - 19 Coronavirus Relief Fund	21.019		\$ 95,800
Total Passed Through State Department of Education			95,800
TOTAL DEPARTMENT OF THE TREASURY			95,800
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
Elementary Secondary School Emergency Relief III	84.425U	21 - 528001031913	174,686
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21 - 0610101031913	357,415
ESEA, Title I, Part C - Migratory Children	84.011	21 - 615001031913	88,369
SSA - Career and Technical - Basic Grant	84.048	21 - 420006108910	10,889
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	21 - 6950267110043	617,320
GEAR UP	84.334S	P3344180024	86,204
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	21 - 696001031913	8,016
Title III, Part A - English Language Acquisition	84.365A	20 - 67100103913	5,339
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21 - 694501031913	16,087
Elementary & Secondary School Emergency Relief Fd	84.425D	20 - 521001031913	122,785
Title IV Part A Subpart I	84.424	20 - 68010103913	4,591
Rise Grant Fund	84.374A	287	209,224
Total Passed Through State Department of Education			1,700,925
TOTAL U.S. DEPARTMENT OF EDUCATION			1,700,925
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		205,608
*National School Lunch Program - Cash Assistance	10.555		388,194
Total Child Nutrition Cluster			593,802
Total Passed Through the State Department of Agriculture			593,802
TOTAL U.S. DEPARTMENT OF AGRICULTURE			593,802
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,390,527
*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, 2021**

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, 2021, the District did not elect to use this rate.

Sub-recipients:

During the year ended August 31, 2021, the District had no sub-recipients.

Federal Loans and Loan Guarantees:

During the year ended August 31, 2021, the District had no outstanding federal loans payable or loan guarantees.

Federally Funded Insurance:

During the year ended August 31, 2021, the District had no federally funded insurance.

Noncash awards:

During the year ended August 31, 2021, the District received \$54,582 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	\$ 2,390,527
TEA	224,924
SHARS	90,612
Exhibit C-3	<u>\$ 2,706,063</u>

SCHOOLS FIRST QUESTIONNAIRE

Santa Maria Independent School District

Fiscal Year 2021

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.	