

# SANTA FE INDEPENDENT SCHOOL DISTRICT

Santa Fe ISD, in partnership with our community, is an innovative district building a legacy of excellence.



## ANNUAL FINANCIAL AND FINANCIAL COMPLIANCE REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

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## CERTIFICATE OF BOARD

**Santa Fe Independent School District**  
Name of School District

**Galveston**  
County

**084-909**  
County-District

We, the undersigned, certify that the attached annual financial and compliance report of the above named school district were reviewed and   X   approved        disapproved for the year ended June 30, 2024, at a meeting of the Board of Trustees of such school district on the 18th day of November, 2024.



Signature of Board Secretary



Signature of Board President

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## **FINANCIAL SECTION**

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# MAYS & ASSOCIATES<sup>PLLC</sup>

CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT**

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

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Fe Independent School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and TRS pension and OPEB schedules on pages 9-16 and 61-71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, compliance schedules required by the Texas Education Agency, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules required by the Texas Education Agency, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic, financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

  
Mays & Associates, PLLC

Baytown, Texas  
November 15, 2024

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**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

As management of Santa Fe Independent School District (the District), we provide this narrative overview of the District's financial performance for the year ended June 30, 2024. We encourage readers to consider the information presented below in conjunction with the information included in the independent auditors' report and the District's Basic Financial Statements which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's total liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$8,653,218 (*net position*).
- The District's governmental funds reported combined ending fund balances of \$23,145,997, an increase of \$5,894,901 in comparison with the prior year. The increase in governmental fund balances was due primarily to an increase in other financing sources.
- The unassigned fund balance for the general fund was \$10,765,117 or 22% of total general fund expenditures. Total general fund balance was \$12,915,083.
- The District's bonded debt decreased by \$5,945,000 as a result of regularly scheduled debt payments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Government-Wide Statements**

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

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

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

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

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

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

### **Fund Financial Statements**

The fund financial statements (Exhibits C-1 through D-3) provide more detailed information about the District's most significant funds, but not the District as a whole. A fund is a group of accounts that the District uses to record specific sources of revenue and to track expenditures used for particular purposes.

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

The District reports three types of funds:

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

### **Fund Balance**

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

- *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

- *Restricted* – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board.
- *Assigned* – includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed.
- *Unassigned* – includes the residual fund balance for amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the *general fund*.

**Notes to the Financial Statements**

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

**Required Supplementary Information**

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

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$8,653,218 at the close of the most recent fiscal year.

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

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**COMPARATIVE SCHEDULE OF NET POSITION**

	<u>Governmental Activities</u>		<u>Change</u>
	<u>2024</u>	<u>2023</u>	<u>2024-2023</u>
Current and other assets	\$ 31,423,751	\$ 27,645,951	\$ 3,777,800
Capital assets and non current assets	<u>76,640,806</u>	<u>80,871,265</u>	<u>(4,230,459)</u>
<b>Total assets</b>	<u>108,064,557</u>	<u>108,517,216</u>	<u>(452,659)</u>
 <b>Deferred outflows of resources</b>	 <u>13,371,735</u>	 <u>13,368,054</u>	 <u>3,681</u>
 Other liabilities	11,204,620	9,282,060	1,922,560
Long-term liabilities	<u>104,854,548</u>	<u>100,934,832</u>	<u>3,919,716</u>
<b>Total liabilities</b>	<u>116,059,168</u>	<u>110,216,892</u>	<u>5,842,276</u>
 <b>Deferred inflows of resources</b>	 <u>14,030,342</u>	 <u>16,199,557</u>	 <u>(2,169,215)</u>
 Net position:			
Net investment in capital assets	3,752,901	6,727,648	(2,974,747)
Restricted	8,981,910	8,648,510	333,400
Unrestricted	<u>(21,388,029)</u>	<u>(19,907,337)</u>	<u>(1,480,692)</u>
<b>Total net position</b>	<u>\$ (8,653,218)</u>	<u>\$ (4,531,179)</u>	<u>\$ (4,122,039)</u>

Net position is restricted for various purposes as follows:

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Federal and state programs	\$ 521,628	\$ 553,509
Debt Services	8,458,395	8,093,114
Other Purposes	<u>1,887</u>	<u>1,887</u>
	<u>\$ 8,981,910</u>	<u>\$ 8,648,510</u>

Unrestricted net position, which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was (\$21,388,029) at June 30, 2024. Unrestricted net position continues to reflect a deficit balance. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net pension and OPEB liabilities. The District's liability is reported in governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the pension and TRS-Care plans are funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**COMPARATIVE SCHEDULE OF CHANGES IN NET POSITION**

	<b>Governmental Activities</b>				<b>Change</b>
	<b>2024</b>	<b>%</b>	<b>2023</b>	<b>%</b>	<b>2024-2023</b>
<b>Revenues</b>					
<b>Program revenues:</b>					
Charges for services	\$ 3,223,297	5%	\$ 3,205,901	5%	\$ 17,396
Operating grants & contributions	9,072,019	15%	10,007,317	17%	(935,298)
Capital grants & contributions	-	0%	-	0%	-
<b>General revenues:</b>					
Property taxes	22,872,913	38%	26,984,145	45%	(4,111,232)
State aid - formula grants	22,981,665	38%	18,036,304	30%	4,945,361
Grants and contributions not restricted	679,904	1%	1,054,699	2%	(374,795)
Investment earnings	953,750	2%	510,824	1%	442,926
Other	<u>475,569</u>	<u>1%</u>	<u>507,017</u>	<u>1%</u>	<u>(31,448)</u>
<b>Total revenues</b>	<u>60,259,117</u>	<u>100%</u>	<u>60,306,207</u>	<u>100%</u>	<u>(47,090)</u>
<b>Expenses:</b>					
Instruction and related services	31,708,887	49%	32,266,130	49%	(557,243)
Instructional and school leadership	3,631,665	6%	3,289,438	5%	342,227
Support services - student	11,595,432	18%	11,415,638	17%	179,794
Administrative support services	2,389,504	4%	2,410,332	4%	(20,828)
Support services - non-student based	11,253,460	17%	13,386,039	20%	(2,132,579)
Ancillary services	623,548	1%	249,179	0%	374,369
Debt service	2,948,999	5%	2,775,985	4%	173,014
Intergovernmental charges	<u>229,661</u>	<u>0%</u>	<u>244,666</u>	<u>0%</u>	<u>(15,005)</u>
<b>Total expenses</b>	<u>64,381,156</u>	<u>100%</u>	<u>66,037,407</u>	<u>100%</u>	<u>(1,656,251)</u>
 Increase (decrease) in net position	 (4,122,039)		 (5,731,200)		 1,609,161
 <b>Net position, beginning</b>	 (4,531,179)		 1,200,021		 (5,731,200)
<b>Prior period adjustment</b>	<u>-</u>		<u>-</u>		<u>-</u>
<b>Net position, ending</b>	<u>\$ (8,653,218)</u>		<u>\$ (4,531,179)</u>		<u>\$ (4,122,039)</u>

**Governmental Activities**

The decrease in Net Position of \$4,122,039 results primarily from the expenses exceeding revenues.

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

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

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

At June 30, 2024, the District reported a net pension liability of \$18,950,545 for its proportionate share of TRS's net pension liability and a net OPEB liability of \$8,326,516 for its proportionate share of the District's Other Post-Employment benefits other than pensions. At June 30, 2023, the District's net pension liability and OPEB liability was \$15,483,477 and \$8,866,713, respectively.

Revenues are generated primarily from the following three sources: property taxes, state-aid formula grants, and operating grants and contributions. When combined, \$54,926,597, these revenues represent 91 percent of total revenues. The remaining \$5,332,520 or 9 percent was generated from charges for services, investment earnings, and miscellaneous revenues.

The primary functional expenses of the District were instruction, student support services (guidance, counseling, social work, health, transportation, and food services) and non-student services (facilities maintenance, security, and data processing services) which represented 90 percent of total expenses. The remaining functional expenses represent less than 10 percent each of the total expenditures.

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

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

##### **Governmental Funds**

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

At June 30, 2024, the District's governmental funds reported combined ending fund balances of \$23,145,997, an decrease of \$5,894,901 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,765,117 while total fund balance reached \$12,915,083. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As of June 30, 2024, these were 22% and 26%, respectively. Unassigned fund balance experienced an increase of \$6,771,039 from the prior year, which was due primarily to District obtaining a loan. Overall, total general fund balance increased by \$5,638,033 during the current period.

The debt service fund has a total fund balance of \$8,953,680, all of which is reserved for the payment of debt service. The increase in the debt service fund balance of \$319,415 from prior year, was the result from additional revenues over regularly scheduled debt service requirements.

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**General Fund Budgetary Highlights**

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

	<b>BUDGET</b>	
	<b>Original</b>	<b>Final</b>
Total revenues	\$ 44,235,570	\$ 56,541,608
Total expenditures	<u>47,257,591</u>	<u>50,929,024</u>
Other financing sources (uses)	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<b><u>\$ (3,022,021)</u></b>	<b><u>\$ 5,612,584</u></b>

The District adopted a minor surplus budget for fiscal year 2024. With updated information, the District amended its budget to reflect a surplus budget. Actual revenues for the general fund were less than budgetary estimates by approximately \$900 thousand, which was related to decreases in state revenues. Expenditures fell below budgetary estimates by approximately \$880 thousand. Overall, the general fund exceeded its final budget estimate by approximately \$42 thousand.

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

The District's investment in capital assets for its governmental type activities as of June 30, 2024 includes land, buildings and improvements, and furniture and equipment. The investment in capital assets (capital outlays) decreased during the current year by \$4,230,459. The following table summarizes the investment in capital assets as of June 30, 2024 and June 30, 2023.

	<b>2024</b>	<b>2023</b>
Land	\$ 1,653,043	\$ 1,653,043
Buildings and improvements	138,577,219	137,991,948
Furniture and equipment	<u>23,335,493</u>	<u>22,943,842</u>
	163,565,755	162,588,833
Accumulated depreciation	<u>(86,924,949)</u>	<u>(81,717,568)</u>
<b>Net capital assets</b>	<b><u>\$ 76,640,806</u></b>	<b><u>\$ 80,871,265</u></b>

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

**Long-Term Liabilities**

As of June 30, 2024, the District had \$63,750,000 in bonded debt outstanding, a decrease of \$5,945,000 from the previous year. The District's Series 2015 Bonds carry a rating of "AAA/AA-" from Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("S&P") based on the Permanent School Fund Guarantee. The District's Series 2010, and Series 2016 Bonds carry a rating of "AAA" from S&P based on the Permanent School Fund Guarantee. All of the District's outstanding bonds have an underlying rating of "A1" and "AA-", respectively, from Moody's and S&P.

Changes in bonded debt outstanding for the year ended June 30, 2024 are as follows:

<b>7/1/2023</b>	<b>Issued</b>	<b>Retired</b>	<b>6/30/2024</b>
\$ 69,695,000	\$ -	\$ (5,945,000)	\$ 63,750,000

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

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

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

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

- Student enrollment for 2024-2025 is projected to remain stable, similar to last year. This stability requires ongoing reviews and adjustments to our staffing and resource allocation. Average Daily Attendance (ADA) has declined statewide since the pandemic, and we anticipate ADA will remain at or below 93%.
- Following the increase of the homestead exemption to \$100,000, the District experienced a reduction in tax collections. The State of Texas has compensated for this decrease in its portion of funding. However, the implementation of these changes has led to some challenges, primarily due to reliance on data from the tax assessor collector and the county appraisal district. Correcting this data has been complicated by lengthy appeals processes. Fortunately, these issues have been addressed for the 2024-2025 school year, and the District does not expect them to affect funding levels as they did last year.
- The District faced rising insurance costs due to natural disasters, including wildfires and hurricanes affecting the Gulf Coast and Central Texas. These expenses have strained resources. To help mitigate this, the District utilized disaster funding for the 2024 tax year, which is expected to increase revenue and offset these rising costs. The current tax rate for maintenance and operations is \$0.77910, with a debt service rate of \$0.3623, resulting in a total rate of \$1.141400 per \$100 of valuation.

In addition, Hurricane Beryl in July caused damage to some District buildings and are actively being restored with the assistance of insurance and federal support.

- While the District strives to remain apolitical, the current legislative environment continues to affect funding. A new legislative session will begin midway through the school year, which may have implications for future funding and regulations. Although the exact impact on the District is still uncertain, plans are to continue monitoring developments and adjust strategies as needed.
- The maintenance and operations tax rate for fiscal year 2024-2025 is \$0.77910, while the debt service rate is \$0.3623 for a total rate of \$1.141400, which is higher than the previous year.
- The district continues to maintain five campuses for instruction.

These indicators were taken into account when adopting the 2024-2025 general fund, interest and sinking fund (debt service) budgets. The Santa Fe Independent School District general fund adopted budget for 2024-2025 is as follows:

<u>General Fund Budget</u>	<u>Original</u>
Budgeted Revenues	\$ 43,469,881
Budgeted Expenditures	47,685,952
<b>Budget Surplus (Deficit)</b>	<b>\$ (4,216,071)</b>

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2024

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 21,617,818
1220 Property Taxes - Delinquent	3,376,510
1230 Allowance for Uncollectible Taxes	(1,000,300)
1240 Due from Other Governments	6,610,439
1250 Accrued Interest	9,978
1290 Other Receivables, Net	64,532
1300 Inventories	25,281
1410 Prepayments	719,493
Capital Assets:	
1510 Land	1,653,043
1520 Buildings, Net	71,221,999
1530 Furniture and Equipment, Net	3,765,764
1000 Total Assets	<u>108,064,557</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	1,977,396
1705 Deferred Outflow Related to TRS Pension	7,434,080
1706 Deferred Outflow Related to TRS OPEB	3,960,259
1700 Total Deferred Outflows of Resources	<u>13,371,735</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	1,171,465
2140 Accrued Interest	1,118,076
2150 Payroll Deductions and Withholdings	34,648
2160 Accrued Wages Payable	4,611,505
2180 Due to Other Governments	558
2200 Accrued Expenses	50,883
2300 Unearned Revenue	32,485
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	4,185,000
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	77,577,487
2540 Net Pension Liability (District's Share)	18,950,545
2545 Net OPEB Liability (District's Share)	8,326,516
2000 Total Liabilities	<u>116,059,168</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	1,338,837
2606 Deferred Inflow Related to TRS OPEB	12,691,505
2600 Total Deferred Inflows of Resources	<u>14,030,342</u>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	3,752,901
Restricted:	
3820 Restricted for Federal and State Programs	521,628
3850 Restricted for Debt Service	8,458,395
3890 Restricted for Other Purposes	1,887
3900 Unrestricted	(21,388,029)
3000 Total Net Position	<u><u>\$ (8,653,218)</u></u>

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 29,202,516	\$ 346,123	\$ 2,930,682	\$ (25,925,711)
12 Instructional Resources and Media Services	446,757	-	18,422	(428,335)
13 Curriculum and Instructional Staff Development	2,059,614	-	703,131	(1,356,483)
21 Instructional Leadership	646,307	-	29,659	(616,648)
23 School Leadership	2,985,358	-	145,121	(2,840,237)
31 Guidance, Counseling, and Evaluation Services	1,753,396	-	351,312	(1,402,084)
32 Social Work Services	139,159	-	1,552	(137,607)
33 Health Services	623,548	-	73,600	(549,948)
34 Student (Pupil) Transportation	3,629,704	-	151,689	(3,478,015)
35 Food Services	3,301,884	1,316,946	1,757,046	(227,892)
36 Extracurricular Activities	2,771,289	1,487,532	41,667	(1,242,090)
41 General Administration	2,389,504	-	398,736	(1,990,768)
51 Facilities Maintenance and Operations	7,445,443	72,696	397,872	(6,974,875)
52 Security and Monitoring Services	1,678,961	-	313,677	(1,365,284)
53 Data Processing Services	1,819,789	-	51,236	(1,768,553)
61 Community Services	309,267	-	97,979	(211,288)
72 Debt Service - Interest on Long-Term Debt	2,842,042	-	1,476,123	(1,365,919)
73 Debt Service - Bond Issuance Cost and Fees	106,957	-	-	(106,957)
93 Payments Related to Shared Services Arrangements	229,661	-	132,515	(97,146)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 64,381,156	\$ 3,223,297	\$ 9,072,019	(52,085,840)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			15,366,325
DT	Property Taxes, Levied for Debt Service			7,506,588
SF	State Aid - Formula Grants			22,981,665
GC	Grants and Contributions not Restricted			679,904
IE	Investment Earnings			953,750
MI	Miscellaneous Local and Intermediate Revenue			475,569
TR	Total General Revenues			47,963,801
CN	Change in Net Position			(4,122,039)
NB	Net Position - Beginning			(4,531,179)
NE	Net Position - Ending			\$ (8,653,218)

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 10,722,922	\$ 8,978,249	\$ 1,916,647	\$ 21,617,818
1220 Property Taxes - Delinquent	2,491,519	884,991	-	3,376,510
1230 Allowance for Uncollectible Taxes	(738,100)	(262,200)	-	(1,000,300)
1240 Due from Other Governments	5,998,215	-	612,224	6,610,439
1250 Accrued Interest	9,978	-	-	9,978
1260 Due from Other Funds	623,566	-	-	623,566
1290 Other Receivables	55,864	-	8,668	64,532
1300 Inventories	-	-	25,281	25,281
1410 Prepayments	649,966	-	69,527	719,493
1000 Total Assets	<u>\$ 19,813,930</u>	<u>\$ 9,601,040</u>	<u>\$ 2,632,347</u>	<u>\$ 32,047,317</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 794,757	\$ -	\$ 376,708	\$ 1,171,465
2150 Payroll Deductions and Withholdings Payable	32,994	-	1,654	34,648
2160 Accrued Wages Payable	4,266,794	-	344,711	4,611,505
2170 Due to Other Funds	-	-	623,566	623,566
2180 Due to Other Governments	-	-	558	558
2200 Accrued Expenditures	50,883	-	-	50,883
2300 Unearned Revenue	-	24,569	7,916	32,485
2000 Total Liabilities	<u>5,145,428</u>	<u>24,569</u>	<u>1,355,113</u>	<u>6,525,110</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	1,753,419	622,791	-	2,376,210
2600 Total Deferred Inflows of Resources	<u>1,753,419</u>	<u>622,791</u>	<u>-</u>	<u>2,376,210</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	-	-	25,281	25,281
3430 Prepaid Items	649,966	-	52,182	702,148
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	444,165	444,165
3480 Retirement of Long-Term Debt	-	8,953,680	-	8,953,680
3490 Other Restricted Fund Balance	-	-	1,887	1,887
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	753,719	753,719
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	1,500,000	-	-	1,500,000
3600 Unassigned Fund Balance	10,765,117	-	-	10,765,117
3000 Total Fund Balances	<u>12,915,083</u>	<u>8,953,680</u>	<u>1,277,234</u>	<u>23,145,997</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 19,813,930</u>	<u>\$ 9,601,040</u>	<u>\$ 2,632,347</u>	<u>\$ 32,047,317</u>

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2024

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 23,145,997</b>
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of these assets is \$163,565,755 and the accumulated depreciation is \$86,924,949. The effect of including the capital assets (net of depreciation) in the governmental activities is to increase net position. (See Note II.D.)	76,640,806
2 Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period, and, therefore, are not reported as liabilities in the governmental funds. The effect of these long-term liabilities is a decrease to net position. (See Note II.E.)	(81,762,487)
3 Recognizing deferred revenue (property taxes) as revenue in the government-wide statements to convert from modified accrual basis of accounting to the accrual basis of accounting. The net effect is an increase to net position.	2,376,210
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$18,950,545, a deferred resource inflow related to TRS in the amount of \$1,338,837 and a deferred resource outflow related to TRS in the amount of \$7,434,080. The net effect of these pension related items is a decrease to net position. (See Note II.H.)	(12,855,302)
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 in the amount of \$8,326,516, a deferred resource inflow related to TRS OPEB in the amount of \$12,691,505 and a deferred resource outflow related to TRS OPEB in the amount of \$3,960,259. The net effect of these pension related items is a decrease to net position. (See Note II.I.)	(17,057,762)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include eliminating interfund transactions, recognizing the bond components associated with outstanding debt, and accrued interest. Deferred charges on refundings are not financial resources and therefore, are not reported in governmental funds. Deferred charges are amortized over the life of the debt. The net effect is an increase to net position.	859,320
<b>29 Net Position of Governmental Activities</b>	<b>\$ (8,653,218)</b>

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 16,926,333	\$ 7,867,111	\$ 2,756,756	\$ 27,550,200
5800 State Program Revenues	25,733,399	1,476,123	1,043,474	28,252,996
5900 Federal Program Revenues	975,446	-	4,045,128	5,020,574
5020 Total Revenues	43,635,178	9,343,234	7,845,358	60,823,770
EXPENDITURES:				
Current:				
0011 Instruction	24,977,419	-	1,874,252	26,851,671
0012 Instructional Resources and Media Services	410,801	-	-	410,801
0013 Curriculum and Instructional Staff Development	1,239,418	-	642,740	1,882,158
0021 Instructional Leadership	589,186	-	4,500	593,686
0023 School Leadership	2,748,717	-	6,319	2,755,036
0031 Guidance, Counseling, and Evaluation Services	1,317,814	-	288,457	1,606,271
0032 Social Work Services	122,781	-	-	122,781
0033 Health Services	512,105	-	55,965	568,070
0034 Student (Pupil) Transportation	3,531,036	-	-	3,531,036
0035 Food Services	109,324	-	3,056,127	3,165,451
0036 Extracurricular Activities	1,150,360	-	1,392,198	2,542,558
0041 General Administration	2,126,460	-	68,906	2,195,366
0051 Facilities Maintenance and Operations	7,341,243	-	55,679	7,396,922
0052 Security and Monitoring Services	1,310,838	-	242,839	1,553,677
0053 Data Processing Services	1,681,389	-	-	1,681,389
0061 Community Services	202,142	-	87,408	289,550
Debt Service:				
0071 Principal on Long-Term Liabilities	400,000	5,945,000	-	6,345,000
0072 Interest on Long-Term Liabilities	87,057	3,063,797	-	3,150,854
0073 Bond Issuance Cost and Fees	91,935	15,022	-	106,957
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	97,146	-	132,515	229,661
6030 Total Expenditures	50,047,171	9,023,819	7,907,905	66,978,895
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,411,993)	319,415	(62,547)	(6,155,125)
OTHER FINANCING SOURCES (USES):				
7914 Non-Current Loans	12,100,000	-	-	12,100,000
8911 Transfers Out (Use)	(49,974)	-	-	(49,974)
7080 Total Other Financing Sources (Uses)	12,050,026	-	-	12,050,026
1200 Net Change in Fund Balances	5,638,033	319,415	(62,547)	5,894,901
0100 Fund Balance - July 1 (Beginning)	7,277,050	8,634,265	1,339,781	17,251,096
3000 Fund Balance - June 30 (Ending)	\$ 12,915,083	\$ 8,953,680	\$ 1,277,234	\$ 23,145,997

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 5,894,901</b>
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the current year capital outlays is an increase to net position. (See Note II.D.)	976,922
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position. (See Note II.D.)	(5,207,381)
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of premiums when debt is first issued, whereas this amount is deferred and amortized in the statement of activities. The net effect is to decrease net position. (See Note II.E.)	(5,177,845)
Changes in the District's proportionate share of the net pension liability, deferred outflows or resources, and deferred inflows of resources related to the Teacher Retirement System of Texas for the current year are not reported in governmental funds but are reported in the Statement of Activities. The net effect of all these changes is a decrease to net position.	(2,031,294)
Changes in the District's proportionate share of the net OPEB liability, deferred outflows or resources, and deferred inflows of resources related to the Texas Public Retired Employees Group Insurance Program (TRS-Care) for the current year are not reported in governmental funds but are reported in the Statement of Activities. The net effect of all these changes is an increase to net position.	1,512,275
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating inter-fund transactions, recognizing the net effect of retirement of capital assets, and recognizing the deferred charges associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(139,591)
The District uses an internal service fund to charge the costs of the District's printing services to appropriate functions in other funds. The net loss of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.	49,974
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (4,192,823)</b>

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2024

	Governmental Activities -
	Internal Service Fund
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ -
Due to Other Funds	-
Total Liabilities	-
NET POSITION	
Unrestricted Net Position	-
Total Net Position	\$ -

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 127,993
Total Operating Revenues	127,993
OPERATING EXPENSES:	
Payroll Costs	23,439
Professional and Contracted Services	50,550
Supplies and Materials	54,004
Total Operating Expenses	127,993
Income Before Transfers	-
Transfers In	49,974
Change in Net Position	49,974
Total Net Position - July 1 (Beginning)	(49,974)
Total Net Position - June 30 (Ending)	\$ -

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 127,993
Cash Payments for Other Operating Expenses	<u>(127,993)</u>
Net Cash Provided by Operating Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ -</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided By (Used For) Operating Activities:</u>	
Operating Income (Loss)	<u><u>\$ -</u></u>

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2024

	Private Purpose Trust Fund	Total Custodial Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,666	\$ 71,098
Total Assets	<u>3,666</u>	<u>\$ 71,098</u>
<b>LIABILITIES</b>		
Accounts Payable	<u>-</u>	<u>2,259</u>
Total Liabilities	<u>-</u>	<u>2,259</u>
<b>NET POSITION</b>		
Restricted for Campus Activities	-	61,594
Restricted for Scholarships	3,666	-
Restricted for Other Purposes	<u>-</u>	<u>7,245</u>
Total Net Position	<u>\$ 3,666</u>	<u>\$ 68,839</u>

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

SANTA FE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

	Private Purpose Trust Fund	Total Custodial Funds
<b>ADDITIONS:</b>		
Enterprising Services Revenue	\$ -	\$ 118,123
Total Additions	<u>-</u>	<u>118,123</u>
<b>DEDUCTIONS:</b>		
Other Deductions	<u>-</u>	<u>97,777</u>
Total Deductions	<u>-</u>	<u>97,777</u>
Change in Fiduciary Net Position	-	20,346
Total Net Position - July 1 (Beginning)	<u>3,666</u>	<u>48,493</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 3,666</u></u>	<u><u>\$ 68,839</u></u>

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of Santa Fe Independent School District (the “District”) have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) promulgated by the Governmental Accounting Standards Board (“GASB”) and other authoritative sources identified in *Statement on Auditing Standards No. 69*, as amended by *Statement on Auditing Standards No. 91 and 93* of the American Institute of Certified Public Accountants (“AICPA”); and it complies with the requirements of the appropriate version of Texas Education Agency’s (“TEA”) Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

**A. Reporting Entity**

The Board of Trustees (the “Board”), a seven member group, has fiscal responsibility over all activities related to public elementary and secondary education within the jurisdiction of the District. The public elects the Board that corporately 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 Texas State Board of Education are reserved for the Board, and TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental “reporting entity” as defined by GASB Statement No. 61, *“The Financial Reporting Entity”: Omnibus - an amendment by GASB Statements No. 14 and 34*. There are no component units or entities for which the District is considered financially accountable included within the reporting entity.

**B. Basis of Presentation**

**1. Government-Wide Financial Statements**

The government-wide financial statements, which includes the statement of net position and the statement of activities, report on all of the non-fiduciary activities of the District’s primary government. These statements exclude the effects of interfund activities that do not involve services provided or used. In this context, the District’s governmental activities are typically funded by tax revenues and intergovernmental revenues. The District does not have business-type activities, which would normally depend significantly on fees and charges for financial support.

The statement of activities provides a comparison between direct expenses and program revenues for each program or function of the District’s governmental activities. *Direct expenses* are specifically associated with a program or function and are clearly attributable to that function. *Indirect costs* are allocated proportionally, based on the ratio of function’s expense to total expense. *Program revenues* are categorized as 1) Charges for services, goods, or privileges purchased by students, applicants, or users who directly benefit from a specific function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Revenues not classified as program revenues, such as taxes, are reported as *general revenues*.

**2. Fund Financial Statements**

The District presents separate financial statements for governmental, proprietary, and fiduciary funds. Fiduciary funds, though excluded from the government-wide financial statements, are reported in separate fiduciary fund financial statements. During the fiscal year, the District segregates transactions related to specific functions or activities into separate funds to aid financial management and demonstrate legal compliance.

Fund financial statements are designed to present the District’s financial information at a more detailed level, with the focus on major funds. These major individual governmental funds are reported in separate columns to highlight their financial activity. All remaining nonmajor governmental funds are aggregated and presented in a single column for reporting purposes.

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

Additionally, proprietary funds are reported separately, and fiduciary funds are presented in their own financial statements, even though they are not included in the government-wide statements.

### C. Fund Accounting

The District utilizes funds to manage and organize its financial records during the fiscal year. A fund is an accounting entity with its own set of self-balancing accounts, meaning it independently tracks its financial resources and obligations. There are three categories of funds: governmental, proprietary, and fiduciary.

#### 1. Governmental Funds

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

- **General Fund** – is the District’s primary operating fund and accounts for resources that finance the fundamental operations of the District. It includes all financial resources not required to be accounted for in another fund. Major revenue sources for the General Fund include local property taxes and state funding, such as the Foundation School Program.

This fund covers all expenditures related to the District’s daily operations, except for specific programs funded by federal or state government, as well as food service, debt service, and capital projects. It plays a central role in supporting the District’s mission, in partnership with the community, to enable and motivate students to reach their full potential. The General Fund is a budgeted fund, and any fund balances are considered resources available for current operations.

- **Debt Service Fund** – is the used to account for the accumulation of resources to pay the principal and interest on long-term debt issued by the District. These funds ensure that the District can meet its debt obligations as they come due. Major revenue sources for the Debt Service Fund include dedicated property taxes. Transfers from other funds or special assessments that set aside to pay off debt. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.
- **Nonmajor Governmental Funds** - account for grants and other resources of the District whose uses are restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance is generally accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified project periods. With respect to the food service and campus activity funds, funds are rolled over from year to year for use in the program.

#### 2. Proprietary Fund

Proprietary funds are used to account for operations that are similar to private businesses, where goods or services are provided to external parties for a fee and distinguished between operating and non-operating revenues and expenses. The two main types of proprietary funds are *enterprise funds* and *internal service funds*.

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

The District uses internal service funds to account for specific services provided to other funds or departments on a cost reimbursement basis. The District uses the following *internal service fund*:

- ***Print Shop Services Fund*** – This fund is used to account for print shop services provided to the District’s schools and operating departments. It is designed to be self-supporting, meaning it should cover its costs through the charges for its services.

### 3. Fiduciary Funds

Fiduciary Funds are used to manage resources that the Districts holds in a trust or as an agent for others, such as pension funds, scholarship donations, or various campus organization fundraising resources. Fiduciary funds are excluded from the government-wide financial statements because they do not belong to the government but are held in trust for others. The District uses the following fiduciary funds:

- ***Private Purpose Trust Fund*** – This fund accounts for donations to scholarship funds received by the District for awards to current and former students for post-secondary education purposes.
- ***Custodial Funds*** – These funds accounts for the resources raised by student groups and various other campus organizations received by the District in a custodial capacity that do not constitute District property. However, the District’s role is considered to be substantive because in the absence of an approved policy, the faculty advisor has the ability to reject, modify, or approve how the resources are being spent.

The private purpose trust fund and custodial funds meet the requirements for reporting as fiduciary activities. The assets derived from these funds are not from the District’s own revenue sources. In addition, they do not meet the criteria for District-mandated or voluntary nonexchange transactions. Lastly, these assets are for the benefits of individuals, namely students or others, and the District does not have administrative involvement or direct financial involvement for these funds.

## D. Measurement Focus and Basis of Accounting

### 1. Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. All assets and deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of the District are included in the statement of net position. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recorded as revenues in the year of levy.

### 2. Fund Financial Statements

The Governmental fund statements are prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. These statements reflect only current assets (such as cash and receivables expected to be collected within the year) and current liabilities (those expected to be settled within the fiscal year). Long-term assets and liabilities, such as capital assets and long-term debt, are not reported in these statements.

Revenues are recognized when they are both measurable (the amount can be determined) and available (expected to be collected within the current period or within 60 days after the fiscal year ends). Property tax revenue and state funding follow the susceptible-to-accrual concept, meaning they must be available and measurable to be recognized. Taxes not collected within 60 days are reported as deferred inflows of resources. Miscellaneous revenues, such as fees or minor revenues, are recorded when received because they are generally not measurable until collection. Interest revenue and building rentals are recognized when earned, as they are measurable and available. State and Federal

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

grants revenue are recognized when eligible expenditures are incurred. If funds are received before expenditures are made, they are recorded as unearned revenues. If expenditures are made before receiving grant funds, they are reported as receivables.

Expenditures are recognized when a liability is incurred, similar to accrual accounting. However, debt service payments (principal and interest), compensated absences, claims, and judgments are recorded only when payment is due, not when the liability is incurred.

The government-wide financial statements (using the *accrual basis*) include all assets and liabilities, including long-term ones. In contrast, the fund financial statements (using *modified accrual*) exclude long-term items like capital assets and long-term debt. As a result, reconciliations are provided in the fund financial statements to explain these differences.

### **3. Basis of Accounting**

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

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

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

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

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

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

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

- **Unearned Revenues**

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

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

Property taxes for which there is an enforceable legal claim as of January 1, but which were levied to current fiscal year operations, are recorded as deferred inflows of resources in the fund financial statements.

Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue in both the government-wide and fund financial statements.

In governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred inflows of resources.

- **Expenses/Expenditures**

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

The measurement focus of governmental fund accounting is on the decrease in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

**E. Assets, Liabilities, and Net Position or Fund Equity**

**1. Cash and Cash Equivalents**

For purposes of the statement of cash flows for proprietary funds, the District considers cash on hand, demand deposits, investment pools, and short-term investments with maturities of three months or less from the date of acquisition to be cash and cash equivalents.

**2. Deposits and Investments**

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

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

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

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology are quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

**3. Property Taxes**

The District levies property taxes on October 1, as per the Texas Property Tax Code. Taxes are due upon receipt of the bill and become delinquent after February 1 of the following year, subject to interest and penalties. A tax lien is attached to properties on January 1 to secure payment.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of levy. A significant portion of delinquent taxes outstanding at any fiscal year end is generally not collected in the ensuing fiscal year. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting 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.

**4. Inter-fund Receivables, Payables, and Transfers**

Interfund receivables and payables arise from interfund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations. Interfund receivables and payables are eliminated in the government-wide financial statements as are transfers between funds.

**5. Inventories**

The District reports inventories of supplies using the first-in, first-out method of accounting. Inventories for food, school, maintenance, and custodial supplies are carried at cost and charged to a respective fund expenditure account when consumed. Inventories of food commodities are recorded at fair values. Although commodities are received at no cost, their fair value is provided by the Texas Department of Agriculture and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized in an equal amount.

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

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

**7. Capital Assets**

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

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

Capital Asset:	Years
Buildings	9-20
Building Improvements	15
Furniture, Fixtures & Equipment	5-25
Buses & Vehicles	5-15

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

**8. Deferred Outflows/Inflows of Resources**

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

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

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

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

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

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

**9. Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term indebtedness is reported as a liability. Bond premiums and discounts, as well as defeasance costs, are deferred and amortized over the life of the bonds using the straight-line method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium, discount, and other costs.

In the fund financial statements, bond premiums (net of discounts) are recognized in the current period and recorded as other financing sources. Issuance costs are recognized in the current period as debt service expenditures. The face amount of the debt issued is reported as other financing sources; whereas, bonds refunded during the period are recorded as other financing uses.

**10. Compensated Absences**

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

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

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

Upon retirement, eligible full-time employees of the District can be paid benefits from accumulated "state personal leave" days. To be compensated for such days, the employee must meet Teacher Retirement System guidelines, and the vested state personal leave days will be paid at the rate established by the Board. Qualifying employees may be paid for up to fifty full days of state personal leave. The liability for accrued, vested amounts is reported in the Statement of Net Position.

**11. Pensions**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS 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.

**12. Other Post-Employment Benefits**

The fiduciary net position of the TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the Net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position.

Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

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

**13. Fund Balance**

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

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

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

**14. Net Position**

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

- ***Net investment in capital assets*** – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- ***Restricted net position*** – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

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

- ***Unrestricted net position*** – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

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

**15. Budgetary Data**

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

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

- a) Prior to June 20, the District prepares an operating budget for the next succeeding fiscal year beginning July 1. The budget includes proposed expenditures and the means of financing them.
- b) A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten day’s public notice of the meeting must be given.
- c) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end.
- d) Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
- e) Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be canceled or appropriately provided for in the subsequent year’s budget.

**16. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management’s estimates. Accordingly, actual results could differ from those estimates.

The amount of state foundation and available school revenue a school district earns for a year, can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is probable that the foundation revenue estimate as of June 30 will change and those changes could be material. (The District estimates additional foundation revenues of approximately \$2 million once TEA updates its formulas in regard to property tax values.) For the year ended June 30, 2024, the District received approximately 46% of revenues from the State of Texas.

**17. Data Control Codes**

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

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

**II. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

A summary of the District's cash and investments by fund at June 30, 2024 is shown below:

	<b>Cash and Deposits</b>	<b>Investment Pools</b>	<b>Total Cash &amp; Cash Equivalents</b>	<b>Total Cash &amp; Investments</b>
<b>Governmental Funds:</b>				
General fund	\$ 1,574,904	\$ 9,148,018	\$ 10,722,922	\$ 10,722,922
Debt service fund	6,925,184	2,053,065	8,978,249	8,978,249
Non-major governmental funds	744,147	1,172,500	1,916,647	1,916,647
<b>Total governmental funds</b>	<b>9,244,235</b>	<b>12,373,583</b>	<b>21,617,818</b>	<b>21,617,818</b>
<b>Proprietary funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fiduciary funds</b>	<b>63,877</b>	<b>10,887</b>	<b>74,764</b>	<b>74,764</b>
<b>Total</b>	<b>\$ 9,308,112</b>	<b>\$ 12,384,470</b>	<b>\$ 21,692,582</b>	<b>\$ 21,692,582</b>

At June 30, 2024, the net carrying amount of the District's cash and deposits was \$9,308,112 and the bank balance was \$9,812,306. At June 30, 2024, the District's combined deposits were fully insured by FDIC insurance or collateralized with securities held by the Bank's agent in the District's name.

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

Statutes authorize the District to invest in: (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending programs, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools and (9) guaranteed investment contracts.

The District's cash equivalents and investments at June 30, 2024 are as shown below:

<b>Investment Type:</b>	<b>Rating</b>	<b>Value at June 30, 2024</b>	<b>Fair Value Measurements Using:</b>			<b>Percent of Portfolio</b>	<b>WAM (Days/Years)</b>
			<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>		
Cash in Bank		\$ 9,308,112				43%	
<i>Cash equivalents measured at amortized costs:</i>							
First Public (LoneStar)	AAAm	11,116,126				51%	< 365 days
Texas Range (Texas Term - daily)	AAAm	318,240				1%	< 365 days
Texas CLASS	AAAm	950,104				4%	< 365 days
<b>Cash and cash equivalents - subtotal</b>		<b>21,692,582</b>					
<b>Total cash &amp; investments</b>		<b>\$ 21,692,582</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>100%</b>	

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First Public - Lone Star Investment Pool ("LoneStar"), Texas Range, formerly known as TexasTERM, Local Government Investment Pool ("Texas Range"), and Texas Cooperative Liquid Assets Securities System ("TexasCLASS") are local government investment "pools" organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to:

1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

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

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

**1) Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations, potentially leading to a loss. State law and the District's investment policy limit investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The credit quality ratings for the District's investments were in compliance with the Act. At year end, the District was not significantly exposed to credit risk.

**2) Custodial Credit Risk**

Custodial credit risk refers to the risk that investments or deposits could be lost due to the failure of the custodian or a lack of security, particularly if the assets are uninsured or uncollateralized.

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

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

**3) Concentration of Credit Risk**

Concentration of credit risk is the risk of loss associated with having a large proportion of investments in a single issuer, sector, or type of security, which could create a significant loss if that issuer or sector fails.

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The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer. The District's Investment Policy requires the following diversification:

<b>Type of Investment</b>	<b>Maximum Allowed % of Portfolio</b>
Certificates of Deposit	100%
Banker's Acceptance	100%
U.S. Government Securities	100%
State and Local Obligations	100%
Repurchase Agreements	100%
Guaranteed Investment Contracts	100%
Investment Pools	100%
No Load Money Market Mutual Funds	15%
Commercial Paper	100%
Corporate Bonds	15%

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

**4) Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. In order to minimize the risk of loss due to interest rate fluctuations, investment maturities are not to exceed the anticipated cash flow requirements of the funds. Maturity guidelines by fund are as follows:

- General Fund: Investment strategies for operating funds (including any commingled pools containing operating funds) shall have as their primary objective's safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.
- Capital Projects Fund: Investment strategies for capital project funds shall have as their objective sufficient investment liquidity to timely meet capital project obligations. Maturities longer than one year are authorized provided legal limits are not exceeded.
- Debt Service Fund: Investment strategies for debt service funds shall have as their objective sufficient investment liquidity to timely meet debt service payment obligations in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded.

At year end, the District was not exposed to interest rate risk.

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**B. Receivables and Unearned Revenue**

Receivables as of June 30, 2024, for the District's individual major funds and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property taxes	\$1,497,016	\$ 598,728	\$ -	\$ 2,095,744
Property taxes - penalty & interest	994,503	286,263	-	1,280,766
Subtotal - property taxes	2,491,519	884,991	-	3,376,510
Due from other governments-federal	300,000	-	339,945	639,945
Due from other governments-state	5,633,969	-	272,279	5,906,248
Due from other governments-other	64,246	-	-	64,246
Subtotal - due from other governments	5,998,215	-	612,224	6,610,439
Accrued Interest	9,978	-	-	9,978
Other receivables	55,864	-	8,668	64,532
Gross receivables	8,555,576	884,991	620,892	10,061,459
Less: allowance for uncollectibles	(738,100)	(262,200)	-	(1,000,300)
<b>Net total receivables</b>	<b><u>\$7,817,476</u></b>	<b><u>\$ 622,791</u></b>	<b><u>\$ 620,892</u></b>	<b><u>\$9,061,159</u></b>

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2024 are summarized above. All federal grants shown above are passed through the TEA and are reported in the financial statements as Due from Other Governments.

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

Unearned revenue at June 30, 2024, for the District's governmental funds is as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes (General Fund)	\$ 1,753,419	\$ -
Delinquent property taxes (Debt Service Fund)	622,791	-
Funds received prior to meeting all eligibility requirements:		
State allotments (Debt Service Fund)	-	24,569
Advance funding (Nonmajor Governmental Funds)	-	7,916
<b>Total unearned revenue</b>	<b><u>\$ 2,376,210</u></b>	<b><u>\$ 32,485</u></b>

**Property Taxes**

Property taxes are considered available when collected within the current period. The District levies taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and become past due, subject to interest and penalty, if not paid by February 1 of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property securing payment of all taxes, penalties, and interest ultimately imposed. The tax rates assessed for the year ended June 30, 2024 to finance general fund operations and voter approved debt service principal and interest payments were \$0.7380 and \$0.3623, respectively, per \$100 of assessed valuation for a total tax rate of \$1.1003.

The net assessed/appraised value for school tax purposes was \$2,045,276,743, upon which the current year's total levy value was \$22,504,180.

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Current tax collections for the year ended June 30, 2024 were 96% of the year-end adjusted levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of levy. A significant portion of delinquent taxes outstanding at any fiscal year end is generally not collected in the ensuing fiscal year.

Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting 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. The property taxes receivable allowance is approximately 30% of outstanding property taxes receivable at June 30, 2024.

**C. Interfund Receivables, Payables and Transfers**

Interfund balances consist of short-term lending/borrowing arrangements between two or more governmental funds. Interfund balances in the fund financial statements at June 30, 2024 consisted of the following:

Fund	Receivable (Due From)	Payable (Due To)
General Fund:		
Nonmajor Governmental Funds	\$ 623,566	\$ -
Nonmajor Governmental Funds:		
General Fund	-	623,566
<b>Total</b>	<b>\$ 623,566</b>	<b>\$ 623,566</b>

District expenditures are paid from a centralized-pooled operating bank account maintained in the general fund. Since all cash transactions flow through this account, each District fund carries a receivable/payable balance with the general fund. This balance will be repaid within one year.

Interfund transfers in the fund financial statements at June 30, 2024 consisted of the following:

Transfers from	Transfers to	Amount
General Fund	Proprietary Fund - Print Shop	\$ 49,974
		<b>\$ 49,974</b>

The District transferred \$49,974 from the general fund to the proprietary fund to cover print shop shortage.

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**D. Capital Assets**

Capital asset activity for the year ended June 30, 2024 was as follows:

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending Balances</b>
<b><u>Capital assets not being depreciated:</u></b>					
Land Purchase and Improvements	\$ 1,653,043	\$ -	\$ -	\$ -	\$ 1,653,043
Construction in Progress	-	-	-	-	-
Total capital assets not being depreciated	<u>1,653,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,653,043</u>
<b><u>Capital Assets being depreciated:</u></b>					
Buildings and Improvements	137,991,948	585,271	-	-	138,577,219
Furniture and Equipment	<u>22,943,842</u>	<u>391,651</u>	<u>-</u>	<u>-</u>	<u>23,335,493</u>
Total capital assets being depreciated	<u>160,935,790</u>	<u>976,922</u>	<u>-</u>	<u>-</u>	<u>161,912,712</u>
<b><u>Less accumulated depreciation for:</u></b>					
Buildings and Improvements	(63,058,640)	(4,296,580)	-	-	(67,355,220)
Furniture and Equipment	<u>(18,658,928)</u>	<u>(910,801)</u>	<u>-</u>	<u>-</u>	<u>(19,569,729)</u>
Total Accumulated Depreciation	<u>(81,717,568)</u>	<u>(5,207,381)</u>	<u>-</u>	<u>-</u>	<u>(86,924,949)</u>
Capital Assets, Net	<u><b>\$ 80,871,265</b></u>	<u><b>\$ (4,230,459)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 76,640,806</b></u>

Depreciation expense was charged to the following functions as follows:

<b>Expenditures:</b>	
Instruction	\$ 2,445,067
Instructional resources and media services	37,478
Curriculum and instructional staff development	171,713
Instructional leadership	54,163
School leadership	251,347
Guidance, counseling and evaluation services	146,543
Social work services	11,202
Health services	51,826
Student (pupil) transportation	322,143
Food services	288,790
Extracurricular activities	231,962
General administration	200,287
Facilities maintenance and operations	674,835
Security and monitoring services	140,213
Data processing services	153,396
Community services	26,416
Total depreciation expense	<u><b>\$ 5,207,381</b></u>

**E. Long-Term Liabilities**

**General Obligation Bonds & Maintenance Tax Notes Payable**

The District issues general obligation bonds and maintenance tax notes payable for governmental activities to provide resources for the acquisition and construction of major capital facilities, as well as, ongoing facility maintenance. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Principal and interest requirements are payable solely from future revenues of the debt service fund which consists primarily of property taxes collected by the District and interest earnings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance

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with the terms of the related bond indentures. By contrast, maintenance tax notes are issued to fund key repair and renovation needs, such as HVAC upgrades and roofing repairs, and are restricted to maintenance-related expenses. These notes are repaid via a dedicated property tax levy, following a fixed interest rate and structured repayment schedule. The District has never defaulted on any principal or interest payment.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the District is \$204,527,674. The District's outstanding debt of \$63,750,000 less the reserve for the retirement of the debt of \$8,899,140 totals \$54,850,860 leaving a legal debt margin of \$149,676,817.

There are a number of limitations and restrictions contained in the general obligation debt indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of June 30, 2024.

Bonded debt as of June 30, 2024 is as follows:

<b>Description</b>	<b>Interest Rate Payable</b>	<b>Maturity Date</b>	<b>Original Issue</b>	<b>Outstanding</b>
<b>General Obligation Bonds:</b>				
Unlimited tax qualified school construction bonds, taxable seri	0%	2/15/26	\$ 7,100,000	\$ 950,000
Unlimited tax refunding bonds, series 2015	4.0%-5.0%	2/15/34	7,780,000	7,780,000
Unlimited tax refunding bonds, series 2016	3.00%	2/15/34	33,730,000	21,985,000
Unlimited tax school building bonds, series 2017	2.0%-5.0%	2/15/42	32,985,000	25,955,000
Unlimited tax refunding bonds, series 2018	3.0%-4.0%	2/15/34	8,520,000	7,080,000
<b>Total</b>				<b><u>\$ 63,750,000</u></b>
<b>Maintenance Tax Notes Payable:</b>				
Loans Payable- Maintenance Tax Notes, Series 2023	3.49%	2/15/31	\$ 5,045,000	\$ 4,645,000
Loans Payable- Maintenance Tax Notes, Series 2024	3.87%	2/15/32	7,055,000	7,055,000
<b>Total</b>				<b><u>\$ 11,700,000</u></b>

The District's long-term liabilities consist of bond indebtedness and compensated absences. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for compensated absences are accounted for in the general fund.

In 2024, the District entered into two Maintenance Tax Notes, Series 2023 and 2024, sponsored by BOK Financial Securities, Inc. in the amount of \$5,045,000 and \$7,055,000. These Maintenance Tax Notes are to be used (i) for the repair, rehabilitation, renovation, replacement and equipment to existing school facilities (including improvements to HVAC and Building Automation System) and (ii) to pay costs of issuance. The loans are payable in annual installments of principle and interest and bears interest at 3.49% and 3.87%, respectively. The balance outstanding at June 30, 2024, is \$4,600,000 for the Series 2023 Tax Note and \$ 7,005,000 for the Series 2024 Tax Note.

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Changes in long-term liabilities for the year ended June 30, 2024 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<b>Bonds payable:</b>					
Unlimited tax qualified school construction bonds, taxable series 2010	\$ 1,425,000	\$ -	\$ (475,000)	\$ 950,000	\$ 475,000
Unlimited tax refunding bonds, series 2015	7,780,000	-	-	7,780,000	-
Unlimited tax refunding bonds, series 2016	24,535,000	-	(2,550,000)	21,985,000	2,575,000
Unlimited tax school building bonds, series 2017	28,850,000	-	(2,895,000)	25,955,000	-
Unlimited tax refunding bonds, series 2018	7,105,000	-	(25,000)	7,080,000	125,000
	<u>\$ 69,695,000</u>	<u>\$ -</u>	<u>\$ (5,945,000)</u>	<u>\$ 63,750,000</u>	<u>\$ 3,175,000</u>
<b>Deferred amounts:</b>					
Premium on issuance of bonds	6,839,626	-	(560,130)	6,279,496	-
Discount on issuance of bonds	(178,657)	-	9,571	(169,086)	-
<b>Total bonds payable</b>	<b>\$ 76,355,969</b>	<b>\$ -</b>	<b>\$ (6,495,559)</b>	<b>\$ 69,860,410</b>	<b>\$ 3,175,000</b>
<b>Other liabilities:</b>					
Loans Payable- Maintenance Tax Notes, Series 2023	-	5,045,000	(400,000)	4,645,000	595,000
Loans Payable- Maintenance Tax Notes, Series 2024	-	7,055,000	-	7,055,000	415,000
Net Pension Liability	15,483,477	3,467,068	-	18,950,545	-
Net OPEB Liability	8,866,713	-	(540,197)	8,326,516	-
Compensated absences	228,673	-	(26,596)	202,077	-
<b>Total other liabilities</b>	<b>\$ 24,578,863</b>	<b>\$ 15,567,068</b>	<b>\$ (966,793)</b>	<b>\$ 39,179,138</b>	<b>\$ 1,010,000</b>
<b>Governmental activities long-term liabilities</b>	<b><u>\$ 100,934,832</u></b>	<b><u>\$ 15,567,068</u></b>	<b><u>\$ (7,462,352)</u></b>	<b><u>\$ 109,039,548</u></b>	<b><u>\$ 4,185,000</u></b>

**Defeased Debt**

The District has defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2024, there were no bonds outstanding considered defeased.

Debt service requirements to maturity are as follows:

	General Obligation Bonds		Notes and Loans		Total
	Principal	Interest	Principal	Interest	Requirements
2025	\$ 3,175,000	\$ 2,700,925	\$ 1,010,000	\$ 392,667	\$ 7,278,592
2026	3,470,000	2,567,175	1,370,000	398,313	7,805,488
2027	3,830,000	2,429,925	1,450,000	347,651	8,057,576
2028	3,770,000	2,282,475	1,505,000	293,967	7,851,442
2029	4,050,000	2,129,925	1,565,000	238,231	7,983,156
2030-2034	23,180,000	8,013,023	4,800,000	358,398	36,351,421
2035-2039	13,450,000	3,704,625	-	-	17,154,625
	8,825,000	642,564	-	-	9,467,564
	<u>\$ 63,750,000</u>	<u>\$ 24,470,637</u>	<u>\$ 11,700,000</u>	<u>\$ 2,029,227</u>	<u>\$ 101,949,864</u>

**Arbitrage**

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue.

As of June 30, 2024, the District does not anticipate any arbitrage liability.

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**F. Leases**

GASB Statement No. 87, *Leases* (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government's leasing activities. GASB 87 had no significant impact to the District's financial statements, therefore are not present within the disclosures.

**G. Subscription-Based Information Technology Arrangements**

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

**H. Defined Benefit Pension Plan**

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

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

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

Components of the net pension liability of the pension plan as of August 31, 2023 are as follows:

Total Pension Liability	\$ 255,860,886,500
Less: Plan Fiduciary Net Position	(187,170,535,558)
<b>Net Pension Liability</b>	<b><u>\$ 68,690,350,942</u></b>

*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% (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

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more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025.

	<b>Contribution Rates</b>	
	<b>2023</b>	<b>2024</b>
Member	8.00%	8.25%
Non-Employer Contributing Entity (NECE) (State)	8.00%	8.25%
Employers	8.00%	8.25%
2023 Employer Contributions		\$ 1,415,750
2023 Member Contributions		\$ 3,022,844
2023 NECE On-Behalf Contributions		\$ 2,026,946

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

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

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

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

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
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- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

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

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2023*	4.13%*
Last year ending August 31 in Projection Period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad Hoc Post-Employment Benefit Changes	None

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

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2022.

*Discount Rate.* The single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50% of payroll in fiscal year 2024 gradually increasing to 9.56% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2023 are summarized below:

<u>Asset Class</u>	<u>Target Allocation**</u>	<u>Long-Term Expected Geometric Real Rate of Return***</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
U.S.	18.0%	4.0%	1.0%
Non-U.S. Developed	13.0%	4.5%	0.9%
Emerging Markets	9.0%	4.8%	0.7%
Private Equity*	14.0%	7.0%	1.5%
Stable Value			
Government Bonds	16.0%	2.5%	0.5%
Absolute Return*	0.0%	3.6%	0.0%
Stable Value Hedge Funds	5.0%	4.1%	0.2%
Real Return			
Real Estate	15.0%	4.9%	1.1%
Energy, Natural Resources and Infrastructure	6.0%	4.8%	0.4%
Commodities	0.0%	4.4%	0.0%
Risk Parity	8.0%	4.5%	0.4%
Asset Allocation Leverage			
Cash	2.0%	3.7%	0.0%
Asset Allocation Leverage	-6.0%	4.4%	-0.1%
Inflation Expectation			2.3%
Volatility Drag****			-0.9%
<b>Expected Return</b>	<b>100%</b>		<b>8.0%</b>
<p>* Absolute Return includes Credit Sensitive Investments.  ** Target allocations are based on the FY2023 policy model.  *** Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023)  **** The volatility drag results from the conversion between arithmetic and geometric mean returns.</p>			

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

	<u>1% Decrease in Discount Rate (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase in Discount Rate (8.00%)</u>
District's proportionate share of the net pension liability	\$ 28,332,115	\$ 18,950,545	\$ 11,149,765

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2024, the District reported a net pension liability of \$18,950,545 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 18,950,545
State's proportionate share that is associated with the District	27,086,615
<b>Total</b>	<b>\$ 46,037,160</b>

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
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The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023. For the fiscal years ended June 30, 2024 and 2023, the District's proportion of the collective Net Pension Liability was as follows:

<b>2024</b>	<b>2023</b>	
<b>Measurement Year</b>	<b>Measurement Year</b>	
<b>8/31/2023</b>	<b>8/31/2022</b>	<b>Increase/(Decrease)</b>
0.0275883657%	0.0260807614%	0.0015076043%

*Changes Since the Prior Actuarial Valuation.* The following were changes to the actuarial assumptions or other inputs that affected measurement of the Net Pension Liability since the prior measurement period:

- There were no changes in the actuarial assumptions and methods used in the determination of the prior year's net pension liability.
- The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$2,641,596 and revenue of \$4,089,845 for support provided by the State in the government-wide financial statements.

At June 30, 2024, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
	<b>of Resources</b>	<b>of Resources</b>
Differences Between Expected and Actual Economic Experience	\$ 675,214	\$ 229,470
Changes in Actuarial Assumptions	1,792,350	438,629
Net Difference Between Projected and Actual Investment Earnings	2,757,764	-
Changes in Proportion and Difference Between the Employer's Contributions and District Contributions Paid to TRS Subsequent to the Measurement Date	1,028,826	670,738
	1,179,926	-
<b>Total</b>	<b>\$ 7,434,080</b>	<b>\$ 1,338,837</b>

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

<b>Year Ended June 30:</b>	<b>Pension Expense</b>
	<b>Amount</b>
2025	\$ 1,094,377
2026	566,315
2027	2,306,692
2028	796,473
2029	151,460
Thereafter	-
	<b>\$ 4,915,318</b>

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

**I. Defined Other Post-Employment Benefit Plan (OPEB)**

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

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

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2023 are as follows:

Total OPEB Liability	\$ 26,028,070,267
Less: Plan Fiduciary Net Position	<u>(3,889,765,203)</u>
<b>Net OPEB Liability</b>	<b><u>\$ 22,138,305,064</u></b>

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

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

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

<b>TRS-CARE Monthly Premium Rates</b>			
	<u><b>Medicare</b></u>		<u><b>Non-Medicare</b></u>
Retiree*	\$ 135	\$	200
Retiree and Spouse	529		689
Retiree* and Children	468		408
Retiree and Family	1,020		999
* or surviving spouse			

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay.

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Section 1575.204 establishes an employer contribution rate of not less than .25% or not more than .75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

	<b>Contribution Rates</b>	
	<b>2023</b>	<b>2024</b>
Member	0.65%	0.65%
Non-Employer Contributing Entity (NECE) (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
2024 Employer Contributions		\$ 319,501
2024 Member Contributions		\$ 239,385
2023 NECE On-Behalf Contributions		\$ 393,694

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

*Actuarial Assumptions.* The actuarial valuation was performed as of August 31, 2022. Updated procedures were used to roll forward the Total OPEB Liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

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

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

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*Additional Actuarial Methods and Assumptions:*

Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases*	2.95% to 8.95%, including inflation*
Health Trend Rates	The initial medical trend rates were 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. The initial prescription drug trend rate of 7.75% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees - 30% are assumed to discontinue coverage at age 65.
Ad hoc Post-Employment Benefit Changes	None
*Includes inflation at 2.30%	

*Discount Rate.* A single discount rate of 4.13% was used to measure the Total OPEB Liability. There was an increase of 0.22% in the discount rate since the previous year. Because the plan is a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2023 using the Fixed-Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

*Discount Rate Sensitivity Analysis.* The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% point lower than and 1% point higher than the discount rate that was used (4.13%) in measuring the Net OPEB Liability:

	1% Decrease in Discount Rate (3.13%)	Current Single Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
District's proportionate share of the Net OPEB liability	\$ 9,806,902	\$ 8,326,516	\$ 7,118,486

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.* At June 30, 2024, the District reported a liability of \$8,326,516 for its proportionate share of the TRS’ Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective Net OPEB liability	\$ 8,326,516
State's proportionate share that is associated with the District	10,047,222
<b>Total</b>	<b>\$ 18,373,738</b>

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
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The Net OPEB Liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

For the fiscal years ended June 30, 2024 and 2023, the District's proportion of the collective Net OPEB Liability was as follows:

2024 Measurement Year 8/31/2023	2023 Measurement Year 8/31/2022	Increase/(Decrease)
0.0376113543%	0.0370310339%	0.0005803204%

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability	\$ 6,856,470	\$ 8,326,516	\$ 10,217,737

*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 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study. This change decreased the Total OPEB Liability.
- There were no changes in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was \$6,307,651.

On June 30, 2024 the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 376,712	\$ 7,005,186
Changes in Actuarial Assumptions	1,136,509	5,098,547
Net Difference Between Projected and Actual Investment Earnings	3,598	-
Changes in Proportion and Difference Between the Employer's & Proportionate Share of Contributions	2,178,954	587,772
District Contributions Paid to TRS Subsequent to the Measurement Date	264,486	-
<b>Total</b>	<b>\$ 3,960,259</b>	<b>\$ 12,691,505</b>

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

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

<b>Year Ended June 30:</b>	<b>(Deferred Outflows)</b>
2025	\$ (1,882,289)
2026	(1,500,392)
2027	(983,363)
2028	(1,364,930)
2029	(1,364,648)
Thereafter	(1,900,111)
	<u><u>\$ (8,995,733)</u></u>

For the year ended June 30, 2024, the District recognized OPEB expense of \$6,307,651 and revenue of (\$2,147,884) for support provided by the State.

**J. Medicare Part D – On Behalf Payments**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2024, 2023, and 2022, the subsidy payments received by TRS-Care on-behalf of the District were \$197,195, \$198,895 and \$146,362, respectively. These payments are recorded as equal revenues and expenditures/expenses in the financial statements.

**K. Health Care**

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

**III. OTHER INFORMATION**

**A. Risk Management**

School districts face various financial and operational risks, which they must proactively manage to safeguard their resources and ensure smooth operations. Risk management includes identifying potential risks, implementing strategies to minimize or mitigate them, and ensuring proper oversight.

**1. Insurance Programs**

- *Liability Insurance* - The district purchases insurance to protect against damage to property, liability claims, and other potential losses. This covers events like natural disasters, theft, vandalism, and lawsuits against the district.
- *General Liability Insurance* - Covers legal claims related to personal injury or property damage caused by district operations. This may include injuries to students or visitors on district property.

In general, the District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; unemployment; injuries to employees; and natural disasters. During the year ended June 30, 2024, the District purchased commercial insurance for claims related to all risks. There were no significant reductions in coverage in the past fiscal year or settlements exceeding insurance coverage for any of the past three fiscal years.

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
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▪ Workers' Compensation

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

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

For the year ended June 30, 2024 the accrued liability for Workers' Compensation self-insurance of \$11,974 includes an estimate for claims incurred but not reported. This liability, reported in the general fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information, prior to the issuance of the financial statements, indicates it is probable a liability has been incurred as of the date of the financial statements and the amount of loss can be reasonably estimated. Since actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not necessarily result in an exact amount. Accrued liability for the workers' compensation fund represents unpaid claims and expenses on previously filed claims.

The following is a summary of the change in the balance of claims liabilities for workers' compensation for the year ended June 30, 2024 and June 30, 2023, respectively:

	<u>2024</u>	<u>2023</u>
Unpaid claims, beginning of the year	\$ 14,695	\$ 18,626
Incurred claims (including IBNR's)	(1,875)	(3,327)
Claim payments	(849)	(604)
<b>Unpaid claims, end of the year</b>	<b><u>\$ 11,974</u></b>	<b><u>\$ 14,695</u></b>

The District purchased workers' compensation coverage through Deep East Texas Self Insurance Fund (the Fund), a public entity risk pool, which is self-sustained through member contributions. The Fund reinsures to statutory limits through commercial companies for claims in excess of \$1,000,000 for years 2022-2023. The Fund contracts with independent actuaries to determine the adequacy of reserves and fully funds those reserves.

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

▪ Unemployment Compensation Coverage:

During the year ended June 30, 2024, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
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The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended June 30, 2024, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**B. Litigation and Contingencies**

The District is a party to various legal actions none of which the Administration, based on consultation with its legal counsel, believes will have a material effect on the financial condition of the District. Accordingly, no provisions for gains or losses have been recorded in the accompanying government-wide or fund financial statements for contingencies.

The District participates in numerous state and federal grant programs governed by various rules and regulations of the grantor agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. To the extent that the District has not complied with the rules and regulations governing the grants, if any, claims may be disallowed. Any disallowed claims, including amounts already collected, may constitute a liability of the District. In the opinion of the Administration, no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants exist; therefore, no provision has been recorded in the accompanying government-wide or fund financial statements.

**C. Construction and Other Significant Commitments**

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

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

**D. Related Organizations**

The Santa Fe ISD Education Foundation ("Foundation"), a non-profit entity which was organized in 2009 to provide funds for District teaching and education programs, is a "related organization" as defined by GASB Statement No. 61. The members of the Board of Directors of the Foundation serve without financial compensation. The operations of the Foundation are not financially significant to the overall operations of the District, and therefore are not reported in the District's financial statements.

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

**E. Deficit Net Position**

At June 30, 2024, the District reported a deficit balance of \$8,653,218 on the statement of net position caused by the implementation of GASB statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

**F. Excess Expenditures over Appropriations**

The TEA requires the budgets for the General Fund, Debt Service Fund, and Child Nutrition Program to be filed with the TEA. The budget should not be exceeded in any functional category under TEA requirements. For the year ended June 30, 2024, expenditures exceeded appropriations in the following functional categories:

<b>Fund</b>	<b>Function</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Debt Service	73 - Bond Issuance Cost and Fees	\$ -	\$ 91,935	\$ (91,935)

**G. Subsequent Events**

In preparing the financial statements, the District has evaluated subsequent events through November 15, 2024, the date the financials were available to be issued. The District is not aware of any events that have occurred subsequent to the statement of financial position date that would require adjustment to, or disclosure in, the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 22,225,696	\$ 16,629,028	\$ 16,926,333	\$ 297,305
5800 State Program Revenues	21,309,874	27,204,515	25,733,399	(1,471,116)
5900 Federal Program Revenues	700,000	700,000	975,446	275,446
5020 Total Revenues	44,235,570	44,533,543	43,635,178	(898,365)
EXPENDITURES:				
Current:				
0011 Instruction	24,405,650	25,035,022	24,977,419	57,603
0012 Instructional Resources and Media Services	411,622	411,372	410,801	571
0013 Curriculum and Instructional Staff Development	1,358,822	1,247,867	1,239,418	8,449
0021 Instructional Leadership	550,749	590,844	589,186	1,658
0023 School Leadership	2,584,033	2,768,912	2,748,717	20,195
0031 Guidance, Counseling, and Evaluation Services	1,116,891	1,322,496	1,317,814	4,682
0032 Social Work Services	114,299	122,899	122,781	118
0033 Health Services	453,952	514,450	512,105	2,345
0034 Student (Pupil) Transportation	3,355,080	3,580,205	3,531,036	49,169
0035 Food Services	109,572	119,581	109,324	10,257
0036 Extracurricular Activities	1,096,259	1,176,040	1,150,360	25,680
0041 General Administration	1,931,294	2,133,097	2,126,460	6,637
0051 Facilities Maintenance and Operations	7,052,229	8,040,814	7,341,243	699,571
0052 Security and Monitoring Services	1,208,200	1,314,288	1,310,838	3,450
0053 Data Processing Services	1,255,023	1,681,969	1,681,389	580
0061 Community Services	176,916	204,555	202,142	2,413
Debt Service:				
0071 Principal on Long-Term Liabilities	-	400,000	400,000	-
0072 Interest on Long-Term Liabilities	-	152,113	87,057	65,056
0073 Bond Issuance Cost and Fees	-	-	91,935	(91,935)
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	77,000	112,500	97,146	15,354
6030 Total Expenditures	47,257,591	50,929,024	50,047,171	881,853
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,022,021)	(6,395,481)	(6,411,993)	(16,512)
OTHER FINANCING SOURCES (USES):				
7914 Non-Current Loans	-	12,008,065	12,100,000	91,935
8911 Transfers Out (Use)	-	-	(49,974)	(49,974)
7080 Total Other Financing Sources (Uses)	-	12,008,065	12,050,026	41,961
1200 Net Change in Fund Balances	(3,022,021)	5,612,584	5,638,033	25,449
0100 Fund Balance - July 1 (Beginning)	7,277,050	7,277,050	7,277,050	-
3000 Fund Balance - June 30 (Ending)	\$ 4,255,029	\$ 12,889,634	\$ 12,915,083	\$ 25,449

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Pension Liability (Asset)	0.027588366%	0.026080761%	0.025479068%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 18,950,545	\$ 15,483,477	\$ 6,488,617
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	27,086,615	24,552,650	10,967,176
Total	<u>\$ 46,037,160</u>	<u>\$ 40,036,127</u>	<u>\$ 17,455,793</u>
District's Covered Payroll	\$ 36,733,461	\$ 34,551,485	\$ 32,948,249
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	51.59%	44.81%	19.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.15%	75.62%	88.79%

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, 2023 for year 2024, August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.027006729%	0.028874063%	0.025522338%	0.024963169%	0.022931223%	0.0235476%	0.0143173%
\$ 14,464,253	\$ 15,009,641	\$ 14,048,114	\$ 7,981,877	\$ 8,665,368	\$ 8,323,763	\$ 3,824,349
22,761,633	21,241,884	23,435,576	13,644,899	16,575,822	15,786,492	13,558,185
\$ 37,225,886	\$ 36,251,525	\$ 37,483,690	\$ 21,626,776	\$ 25,241,190	\$ 24,110,255	\$ 17,382,534
\$ 32,638,457	\$ 30,920,380	\$ 29,473,443	\$ 27,666,114	\$ 26,295,848	\$ 25,156,791	\$ 23,961,496
44.32%	48.54%	47.66%	28.85%	32.95%	33.08%	15.96%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022
Contractually Required Contribution	\$ 1,415,750	\$ 1,402,801	\$ 1,162,782
Contribution in Relation to the Contractually Required Contribution	(1,415,750)	(1,402,801)	(1,162,782)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 36,829,113	\$ 36,440,186	\$ 34,166,265
Contributions as a Percentage of Covered Payroll	3.84%	3.85%	3.40%

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.

2021	2020	2019	2018	2017	2016	2015
\$ 1,095,396	\$ 1,103,962	\$ 969,935	\$ 848,880	\$ 813,132	\$ 610,244	\$ 652,641
(1,095,396)	(1,103,962)	(969,935)	(848,880)	(813,132)	(610,244)	(652,641)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 32,831,985	\$ 32,407,855	\$ 30,554,638	\$ 29,211,073	\$ 27,570,721	\$ 21,822,729	\$ 25,156,791
3.34%	3.41%	3.17%	2.91%	2.95%	2.79%	2.59%

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.037611354%	0.037031034%	0.036460972%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 8,326,516	\$ 8,866,713	\$ 14,064,626
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	10,047,222	10,815,996	18,843,465
Total	<u>\$ 18,373,738</u>	<u>\$ 19,682,709</u>	<u>\$ 32,908,091</u>
District's Covered Payroll	\$ 36,733,461	\$ 34,551,485	\$ 32,946,417
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	22.67%	25.66%	42.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.94%	11.52%	6.18%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2024 are for the measurement date of August 31, 2023. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

FY 2021 Plan Year 2020		FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
0.037875465%		0.037882093%		0.034540923%		0.03116958%	
\$	14,398,175	\$	17,914,906	\$	17,246,599	\$	13,554,481
19,347,696		23,804,903		24,900,401		22,180,424	
\$	33,745,871	\$	41,719,809	\$	42,147,000	\$	35,734,905
\$	31,761,539	\$	30,920,380	\$	29,473,443	\$	27,666,114
45.33%		57.94%		58.52%		48.99%	
4.99%		2.66%		1.57%		0.91%	

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022
Contractually Required Contribution	\$ 319,501	\$ 322,350	\$ 297,579
Contribution in Relation to the Contractually Required Contribution	(319,501)	(322,350)	(297,579)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 36,829,113	\$ 36,440,186	\$ 34,166,265
Contributions as a Percentage of Covered Payroll	0.87%	0.88%	0.87%

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.

2021		2020		2019		2018	
\$	276,264	\$	285,143	\$	275,132	\$	220,168
	(276,264)		(285,143)		(275,132)		(220,168)
\$	-	\$	-	\$	-	\$	-
\$	31,953,234	\$	32,407,855	\$	30,554,638	\$	29,211,073
	0.86%		0.88%		0.90%		0.75%

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

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

*Budgetary Information*

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

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations, must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available or estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the year ended June 30, 2024.

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

The official school budget for fiscal year 2024 was prepared for adoption for budgeted governmental fund types by June 30, 2023. The budget was adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

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

The TEA requires the budgets for the General Fund, Debt Service Fund, and Child Nutrition Program, and to be filed with the TEA. The budget should not be exceeded in any functional category under TEA requirements. For the year ended June 30, 2024, expenditures exceeded appropriations in the following functional categories:

<b>Fund</b>	<b>Function</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Debt Service	73 - Bond Issuance Cost and Fees	\$ -	\$ 91,935	\$ (91,935)

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

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

*Changes in Benefits*

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

*Changes of Assumptions*

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

- There were no changes in the actuarial assumptions and methods used in the determination of the prior year's net pension liability.
- The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

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

*Changes in Benefits*

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

*Changes of Assumptions*

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

- The single discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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## **COMBINING SCHEDULES**

SANTA FE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2024

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 38,013	\$ 55,491	\$ -	\$ -
1240	Due from Other Governments	54,971	29,383	4,102	134,313
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 92,984</u>	<u>\$ 84,874</u>	<u>\$ 4,102</u>	<u>\$ 134,313</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 1,472	\$ 41	\$ -
2150	Payroll Deductions and Withholdings Payable	-	-	4	-
2160	Accrued Wages Payable	66,633	83,402	3,650	-
2170	Due to Other Funds	26,351	-	407	134,313
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>92,984</u>	<u>84,874</u>	<u>4,102</u>	<u>134,313</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3430	Prepaid Items	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 92,984</u>	<u>\$ 84,874</u>	<u>\$ 4,102</u>	<u>\$ 134,313</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	279 ESSER III TCLAS ARP Act	282 ESSER III ARP Act	283 ESSER-SUPP	284 IDEA B Formula ARP Act
\$ 772,083	\$ 12,943	\$ -	\$ 9,221	\$ -	\$ -	\$ -	\$ 16
-	4,688	30,382	958	16,939	115	-	-
-	-	-	-	-	-	-	-
25,281	-	-	-	-	-	-	-
52,182	-	-	-	-	-	-	-
<u>\$ 849,546</u>	<u>\$ 17,631</u>	<u>\$ 30,382</u>	<u>\$ 10,179</u>	<u>\$ 16,939</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ 16</u>
\$ 54,927	\$ 4,885	\$ 604	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	25	-	-	-	16
121,716	-	750	3,837	-	-	-	-
175,299	12,746	29,028	6,317	16,939	115	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>351,942</u>	<u>17,631</u>	<u>30,382</u>	<u>10,179</u>	<u>16,939</u>	<u>115</u>	<u>-</u>	<u>16</u>
25,281	-	-	-	-	-	-	-
52,182	-	-	-	-	-	-	-
420,141	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>497,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 849,546</u>	<u>\$ 17,631</u>	<u>\$ 30,382</u>	<u>\$ 10,179</u>	<u>\$ 16,939</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ 16</u>

SANTA FE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2024

Data Control Codes		289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 34,490	\$ 9,722	\$ -	\$ 98,513
1240	Due from Other Governments	64,094	-	85,464	155,451
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	17,345
1000	Total Assets	<u>\$ 98,584</u>	<u>\$ 9,722</u>	<u>\$ 85,464</u>	<u>\$ 271,309</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 184,768
2150	Payroll Deductions and Withholdings Payable	7	-	-	1,602
2160	Accrued Wages Payable	29,260	-	-	35,463
2170	Due to Other Funds	67,842	-	85,464	28,733
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	1,475	-	-	6,441
2000	Total Liabilities	<u>98,584</u>	<u>-</u>	<u>85,464</u>	<u>257,007</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3430	Prepaid Items	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	9,722	-	14,302
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>9,722</u>	<u>-</u>	<u>14,302</u>
4000	Total Liabilities and Fund Balances	<u>\$ 98,584</u>	<u>\$ 9,722</u>	<u>\$ 85,464</u>	<u>\$ 271,309</u>

461 Campus Activity Funds	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 881,136	\$ -	\$ 5,019	\$ 1,916,647
-	3	31,361	612,224
-	-	8,668	8,668
-	-	-	25,281
-	-	-	69,527
<u>\$ 881,136</u>	<u>\$ 3</u>	<u>\$ 45,048</u>	<u>\$ 2,632,347</u>
\$ 126,859	\$ -	\$ 3,152	\$ 376,708
-	-	-	1,654
-	-	-	344,711
-	3	40,009	623,566
558	-	-	558
-	-	-	7,916
<u>127,417</u>	<u>3</u>	<u>43,161</u>	<u>1,355,113</u>
-	-	-	25,281
-	-	-	52,182
-	-	-	444,165
-	-	1,887	1,887
<u>753,719</u>	<u>-</u>	<u>-</u>	<u>753,719</u>
<u>753,719</u>	<u>-</u>	<u>1,887</u>	<u>1,277,234</u>
<u>\$ 881,136</u>	<u>\$ 3</u>	<u>\$ 45,048</u>	<u>\$ 2,632,347</u>

SANTA FE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	480,990	796,139	29,529	134,313
5020 Total Revenues	480,990	796,139	29,529	134,313
EXPENDITURES:				
Current:				
0011 Instruction	470,051	301,801	29,529	11,858
0013 Curriculum and Instructional Staff Development	8,355	414,299	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	66,654	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	3,325	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	2,584	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	10,060	-	122,455
6030 Total Expenditures	480,990	796,139	29,529	134,313
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	279 ESSER III TCLAS ARP Act	282 ESSER III ARP Act	283 ESSER-SUPP	284 IDEA B Formula ARP Act
\$ 1,308,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
10,869	-	-	-	-	-	-	-
1,762,428	43,316	75,135	25,946	90,941	284,497	51,673	-
3,081,923	43,316	75,135	25,946	90,941	284,497	51,673	-
-	34,722	13,449	25,946	90,941	213,263	49,407	-
-	4,094	50,361	-	-	17,535	-	-
-	4,500	-	-	-	-	-	-
-	-	6,204	-	-	-	-	-
-	-	5,121	-	-	-	-	-
-	-	-	-	-	53,699	2,266	-
3,056,127	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
55,679	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,111,806	43,316	75,135	25,946	90,941	284,497	51,673	-
(29,883)	-	-	-	-	-	-	-
527,487	-	-	-	-	-	-	-
\$ 497,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

SANTA FE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 4
5800 State Program Revenues	-	-	357,187	671,047
5900 Federal Program Revenues	270,221	-	-	-
5020 Total Revenues	270,221	-	357,187	671,051
EXPENDITURES:				
Current:				
0011 Instruction	18,715	-	357,187	257,326
0013 Curriculum and Instructional Staff Development	3,590	-	-	140,135
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	115
0031 Guidance, Counseling, and Evaluation Services	195,226	-	-	21,456
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	63,868
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	52,690	-	-	190,149
0061 Community Services	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	270,221	-	357,187	673,049
1200 Net Change in Fund Balance	-	-	-	(1,998)
0100 Fund Balance - July 1 (Beginning)	-	9,722	-	16,300
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 9,722	\$ -	\$ 14,302

	461 Campus Activity Funds	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$	1,358,264	\$ -	\$ 89,862	\$ 2,756,756
	-	-	4,371	1,043,474
	-	-	-	4,045,128
	1,358,264	-	94,233	7,845,358
	57	-	-	1,874,252
	-	-	4,371	642,740
	-	-	-	4,500
	-	-	-	6,319
	-	-	-	288,457
	-	-	-	55,965
	-	-	-	3,056,127
	1,388,873	-	-	1,392,198
	-	-	5,038	68,906
	-	-	-	55,679
	-	-	-	242,839
	-	-	84,824	87,408
	-	-	-	132,515
	1,388,930	-	94,233	7,907,905
	(30,666)	-	-	(62,547)
	784,385	-	1,887	1,339,781
\$	753,719	\$ -	\$ 1,887	\$ 1,277,234

SANTA FE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 JUNE 30, 2024

	865 Custodial Fund Student Activity Acct	899 Other Custodial Funds	Total Custodial Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 63,837	\$ 7,261	\$ 71,098
Total Assets	<u>63,837</u>	<u>7,261</u>	<u>71,098</u>
<b>LIABILITIES</b>			
Accounts Payable	<u>2,243</u>	<u>16</u>	<u>2,259</u>
Total Liabilities	<u>2,243</u>	<u>16</u>	<u>2,259</u>
<b>NET POSITION</b>			
Restricted for Campus Activities	61,594	-	61,594
Restricted for Other Purposes	<u>-</u>	<u>7,245</u>	<u>7,245</u>
Total Net Position	<u>\$ 61,594</u>	<u>\$ 7,245</u>	<u>\$ 68,839</u>

SANTA FE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2024

	865 Custodial Fund Student Activity Acct	899 Other Custodial Funds	Total Custodial Funds
ADDITIONS:			
Enterprising Services Revenue	\$ 107,551	\$ 10,572	\$ 118,123
Total Additions	<u>107,551</u>	<u>10,572</u>	<u>118,123</u>
DEDUCTIONS:			
Other Deductions	<u>88,980</u>	<u>8,797</u>	<u>97,777</u>
Total Deductions	<u>88,980</u>	<u>8,797</u>	<u>97,777</u>
Change in Net Position	18,571	1,775	20,346
Net Position - July 1 (Beginning)	<u>43,023</u>	<u>5,470</u>	<u>48,493</u>
Net Position - June 30 (Ending)	<u><u>\$ 61,594</u></u>	<u><u>\$ 7,245</u></u>	<u><u>\$ 68,839</u></u>

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## **COMPLIANCE SCHEDULES**

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED JUNE 30, 2024

Last 10 Years Ended	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2015 and prior years	Various	Various	\$ Various
2016	1.040000	0.376700	1,078,092,115
2017	1.040000	0.362300	1,255,762,818
2018	1.040000	0.362300	1,420,096,212
2019	1.040000	0.362300	1,420,213,874
2020	0.970000	0.362300	1,581,106,252
2021	0.919300	0.362300	1,811,444,587
2022	0.872000	0.362300	2,071,133,355
2023	0.854600	0.362300	2,200,653,957
2024 (School year under audit)	0.738000	0.362300	2,045,276,743
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 7/1/2023	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2024	(99) Taxes Refunded Under Section 26.1115c
\$ 410,957	\$ -	\$ 35,361	\$ 7,846	\$ -	\$ 367,750	
41,335	-	1,864	675	-	38,796	
48,716	-	1,720	599	-	46,397	
61,210	-	3,317	1,156	-	56,737	
77,465	-	6,177	2,152	(546)	68,590	
108,741	-	15,472	5,779	1,419	88,909	
130,211	-	18,639	7,346	3,740	107,966	
230,094	-	40,309	16,748	(1,918)	171,119	
899,087	-	411,910	174,625	(39,297)	273,255	
-	22,504,180	14,506,435	7,121,520	-	876,225	
<u>\$ 2,007,816</u>	<u>\$ 22,504,180</u>	<u>\$ 15,041,204</u>	<u>\$ 7,338,446</u>	<u>\$ (36,602)</u>	<u>\$ 2,095,744</u>	

\$ 98,339

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

Ending Balance per Exhibit J-1	\$ 2,095,744
Accrued Penalties and Interest on Delinquent Property Taxes Receivable	1,280,766
Property Taxes - Delinquent per Exhibits A-1 and C-1	<u>\$ 3,376,510</u>

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 876,901	\$ 876,901	\$ 1,308,626	\$ 431,725
5800 State Program Revenues	12,000	12,000	10,869	(1,131)
5900 Federal Program Revenues	2,150,000	2,378,969	1,762,428	(616,541)
5020 Total Revenues	3,038,901	3,267,870	3,081,923	(185,947)
EXPENDITURES:				
Current:				
0035 Food Services	2,890,941	3,446,879	3,056,127	390,752
0051 Facilities Maintenance and Operations	137,960	137,960	55,679	82,281
Debt Service:				
0071 Principal on Long-Term Liabilities	10,000	9,650	-	9,650
6030 Total Expenditures	3,038,901	3,594,489	3,111,806	482,683
1200 Net Change in Fund Balances	-	(326,619)	(29,883)	296,736
0100 Fund Balance - July 1 (Beginning)	527,487	527,487	527,487	-
3000 Fund Balance - June 30 (Ending)	\$ 527,487	\$ 200,868	\$ 497,604	\$ 296,736

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 7,804,890	\$ 7,804,890	\$ 7,867,111	\$ 62,221
5800 State Program Revenues	-	1,421,583	1,476,123	54,540
5020 Total Revenues	7,804,890	9,226,473	9,343,234	116,761
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	5,584,851	5,945,000	5,945,000	-
0072 Interest on Long-Term Liabilities	2,779,881	3,063,797	3,063,797	-
0073 Bond Issuance Cost and Fees	75,000	75,000	15,022	59,978
6030 Total Expenditures	8,439,732	9,083,797	9,023,819	59,978
1200 Net Change in Fund Balances	(634,842)	142,676	319,415	176,739
0100 Fund Balance - July 1 (Beginning)	8,634,265	8,634,265	8,634,265	-
3000 Fund Balance - June 30 (Ending)	\$ 7,999,423	\$ 8,776,941	\$ 8,953,680	\$ 176,739

SANTA FE INDEPENDENT SCHOOL DISTRICT  
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2024

---

**Section A: Compensatory Education Programs**

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	3309922
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	2220381

**Section B: Bilingual Education Programs**

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	178687
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	504714

## **FEDERAL AWARDS SECTION**

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# MAYS & ASSOCIATES<sup>PLLC</sup>

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Fe Independent School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2024.

## **Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2024-1.

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

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

**Purpose of this Report**

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

  
Mays & Associates, PLLC

Baytown, Texas  
November 15, 2024



# MAYS & ASSOCIATES<sup>PLLC</sup>

## CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

##### ***Opinion on Each Major Federal Program***

We have audited Santa Fe Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

##### ***Basis for Opinion on Each Major Federal Program***

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

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

##### ***Responsibilities of Management for Compliance***

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

##### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

  
Mays & Associates, PLLC

Baytown, Texas  
November 15, 2024

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

---

**I. SUMMARY OF AUDITORS' RESULTS**

---

*Financial Statements*

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

*Federal Awards*

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

Major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027; 84.173	Special Education Cluster
84.425	Education Stabilization Funds

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

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

**II. FINANCIAL STATEMENT FINDINGS**

**2024-1 Excess Expenditures over Appropriations**

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

*Cause and Effect:* Expenditures exceeded appropriations in one functional categories. Budget amendments were approved during the year; however, unexpected expenditures at year end caused expenditures to exceed the amended functional category budget.

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

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

None noted

**SANTA FE INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

**2023-1 Excess Expenditures over Appropriations**

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

*Action Taken:* The Board adopted its budget for the 2023-2024 school year and made several amendments prior to June 30, 2024; however, expenditures exceeded appropriations in one functional category in the current year. Due to the type of transactions, this should be a one-time occurrence as it related to debt issuance costs.

*Anticipated Completion Date:* See Corrective Action Plan for Finding 2024-1.

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None noted



## SANTA FE INDEPENDENT SCHOOL DISTRICT

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

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[www.sfid.org](http://www.sfid.org)

Alejandro Sanchez,  
Chief Financial Officer



### **CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2024**

#### **2024-1 Excess Expenditures over Appropriations**

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

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

*Anticipated Completion Dates:* November 30, 2025.

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

*An Equal Opportunity Employer*

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<u>Passed Through Texas Dept. of Emergency Mgmt.</u>			
Disaster Grants - FEMA Hurricane Reimbursements	97.036	4332DRTXP00073931	\$ 177,204
Total Passed Through Texas Dept. of Emergency Mgmt.			177,204
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			177,204
 <b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	23610101084909	43,480
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	24610101084909	467,115
Total Assistance Listing Number 84.010			510,595
*IDEA - Part B, Formula	84.027 A	236600010849096600	58,251
*IDEA - Part B, Formula	84.027 A	246600010849096600	785,122
*IDEA - Part B, Discretionary	84.027 A	66002406	134,313
Total Assistance Listing Number 84.027			977,686
*IDEA - Part B, Preschool	84.173 A	236610010849096610	3,491
*IDEA - Part B, Preschool	84.173 A	246610010849096610	26,038
Total Assistance Listing Number 84.173			29,529
Total Special Education Cluster (IDEA)			1,007,215
22-23 PERKINS V: STRENGTHENING	84.048 A	23420006084909	3,648
23-24 PERKINS V: STRENGTHENING	84.048 A	24420006084909	41,104
Total Assistance Listing Number 84.048			44,752
Title III, Part A - English Language Acquisition	84.365 A	23671001084909	1,935
Title III, Part A - English Language Acquisition	84.365 A	24671001084909	25,611
Total Assistance Listing Number 84.365			27,546
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	23694501084909	24,876
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	24694501084909	56,371
Total Assistance Listing Number 84.367			81,247
COVID 19 - ESSER III - School Emergency Relief	84.425 D	21528001084909	284,497
COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425 U	21528042084909	100,941
COVID 19 - Supplemental ESSER Fund	84.425 U	21528043084909	51,673
Total Assistance Listing Number 84.425			437,111
Title IV, Part A, Subpart 1	84.424 A		2,798
Title IV, Part A, Subpart 1	84.424 A	24680101084909	23,781
Total Assistance Listing Number 84.424			26,579
Total Passed Through Texas Education Agency			2,135,045
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			2,135,045

SANTA FE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<u>Direct Programs</u>			
Crime Victim Assistance	16.575	2021-CS-21027	251,642
Total Direct Programs			251,642
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			251,642
 <b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402401	401,205
*National School Lunch Program - Cash Assistance	10.555	71302401	1,214,710
*National School Lunch Prog. - Non-Cash Assistance	10.555	084909	142,404
*Supply Chain Assistance	10.555	6TX300400	228,969
Total Assistance Listing Number 10.555			1,586,083
Total Child Nutrition Cluster			1,987,288
Total Passed Through the Texas Department of Agriculture			1,987,288
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			1,987,288
 <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			 <b>\$ 4,551,179</b>
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**SANTA FE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

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

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2024. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

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

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

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

4. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2024 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

5. Reconciliation of Federal Program Revenues:

Total Expenditures of Federal Awards	\$ 4,551,179
Plus:	-
School Health and Related Services (SHARS)	<u>469,395</u>
Total Federal Program Revenues	<u>\$ 5,020,574</u>

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

## SCHOOLS FIRST QUESTIONNAIRE

Exhibit L-1

SANTA FE INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2024

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 at fiscal year-end?	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 payments were not made or warrant hold not cleared within 30 days of when due, then payments are NOT timely.)	Yes
SF4	Was the school district issued a warrant hold? (Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, answer is still YES.)	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 and/or substantial doubt about the district's ability to continue as a going concern?	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 that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	0