

**SAN DIEGO INDEPENDENT
SCHOOL DISTRICT**

**Annual Financial Report
For the Year Ending June 30, 2024**

**ERNEST R. GARZA & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS**

**Authorized Contact:
Ernest R. Garza, C.P.A.
361-241-2452 Office
800-241-1272 Office**

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDING JUNE 30, 2024

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	CERTIFICATE OF BOARD	5
	Independent Auditors' Report	7
	Management's Discussion and Analysis	10
	<u>Basic Financial Statements</u>	
	Government Wide Statements:	
A-1	Statement of Net Position	20
B-1	Statement of Activities	21
	Governmental Fund Financial Statements:	
C-1	Balance Sheet	22
C-2	Reconciliation for Governmental Funds Balance Sheet to the Statement of Net Position A-1	25
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	26
C-4	Reconciliation for Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	28
	Fiduciary Fund Financial Statements:	
E-1	Statement of Fiduciary Net Position	29
E-2	Combining Statement of Changes in Assets and Liabilities—	30
	Notes to the Financial Statements	32
	<u>Required Supplementary Information</u>	
G-1	Budgetary Comparison Schedule - General Fund	68
	Notes to the Budgetary Information	69
G-2	Schedule of the District's Proportionate Share of the Net Pension Liability (TRS)	70
G-3	Schedule of District Contributions to TRS	72
G-4	Schedule of the District's Proportionate Share of the Net OPEB Liability	74
G-5	Schedule of the District Contributions for Other Post-Employment Benefits	76
	Note to Required Supplementary Information	78
	<u>Combining Schedules</u>	
	Non-major Governmental Funds:	
H-1	Combining Balance Sheet	80
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	84
	<u>Required TEA Schedules</u>	
J-1	Schedule of Delinquent Taxes	90
J-2	Budgetary Comparison Schedule - Child Nutrition Fund	92
J-3	Budgetary Comparison Schedule - Debt Service Fund	93
J-4	State Compensatory Education and Bilingual Education Program Expenditures	94

THIS PAGE LEFT BLANK INTENTIONALLY

TABLE OF CONTENTS (CONTINUED)

<u>Exhibit</u>		<u>Page</u>
	<u>Federal Awards Section</u>	
	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	95
	Independent Auditor's Report on Compliance For Each Major Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	99
	Schedule of Expenditures of Federal Awards	102
	Notes to Schedule of Expenditures of Federal Awards	104
	Summary Schedule of Prior Audit Findings	105
	Schedule of Findings and Questioned Costs	106
	Corrective Action Plan	107
L-1	Schools First Questionnaire	108

THIS PAGE LEFT BLANK INTENTIONALLY

CERTIFICATE OF BOARD

San Diego Independent School District
Name of School District

Duval
County

066-902
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ✓ approved _____ disapproved for the fiscal year ended June 30, 2024 at a meeting of the Board of Trustees of such school district on the 30th day of October, 2024.

Lebrada "Libby" Vela
Signature of Board Secretary

Recep N. N. N. N. N.
Signature of Board President

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

THIS PAGE LEFT BLANK INTENTIONALLY

**ERNEST R. GARZA
AND COMPANY, P.C.**
Certified Public Accountants

10201 Leopard #A
Corpus Christi, Texas 78410
Bus. (361) 241-2452
Fax No. (361) 242-1525
Toll Free 1-800-241-1272

MEMBER
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants



6102 Ayers St. #106
Corpus Christi, Texas 78415
Bus. (361) 723-0685
Fax (361) 723-0689

Independent Auditor's Report

San Diego Independent School District
609 Labbe
San Diego, Texas 78384

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 the San Diego Independent School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the San Diego Independent School 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 San Diego Independent School District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District's Contributions for Pensions, Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of District's Contributions for Other Post-Employment Benefits on pages 10-18, 68 and 92-93 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 inquires 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 purposes of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual non-major fund financial statements 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 non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in exhibits identified in the Table of Contents as J-1, J-2, J-3, and J-4. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 October 25, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 San Diego Independent School District's internal control over financial reporting and compliance.

Ernest R. Garza and Company, P.C. CPA's
Corpus Christi, Texas
October 25, 2024



Management's Discussion and Analysis
San Diego Independent School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of San Diego Independent School District, discuss and analyze the District's financial performance for the year ended June 30, 2024. Please read this in conjunction with the independent auditors' report on page 7, and the District's Basic Financial Statements that begin on page 20.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$284,132 overall which derived from the year end of operations. (Exhibit B-1).
- During the year, the District's General Fund had expenditures and other uses of \$19,173,394, which is more than the \$18,520,806 generated in tax, other revenues and transfers for governmental programs for an excess of expenditures over revenues resulting in a net change decrease of (\$652,588). This compares to last year when expenditures and transfers out were more than revenues and transfers in by \$625,534. (Exhibit C-3, G-1)
- Total cost of all of the District's programs decreased from prior year amount of \$27,001,799 to \$25,799,586. (Exhibit B-1).
- The General Fund ended the fiscal year with a total fund balance of \$4,429,380 which is a decrease of \$652,588 from the prior year. (Exhibit C-3, G-1).
- The Capital Projects Fund reported a fund balance for the year -0- which is a decrease of \$2,321,950 from the prior year. (Exhibit C-3).
- The Property Tax Rates decreased compared to the prior year. The taxable value decreased during the past year by \$21,310,055. The tax levy decreased by \$430,909 over the prior year.
- Federal/state aid decreased for the year by \$2,616,472.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 20 and 21). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 22) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 32) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the District's individual funds.

These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 20. Its primary purpose is to show whether the District is better off or worse off as a result of the twelve months activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the twelve-month period. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, we divide the District into one kind of activities:

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

The fund financial statements begin on page 22 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the ESSA – Every Student Succeeds Act from the U.S. Department of Education.

The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or custodial, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position on page 29. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The 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 liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- * Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- * To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.
- * The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Net position of the District's governmental activities increased \$284,132 from \$21,315,669 to \$21,599,801. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased from \$(4,766,217) to \$(5,522,385).

Current and other assets decreased by \$3,683,629. Capital assets increased by \$2,164,940 due to current additions. Long-term liabilities increased by \$16,402 due to the effects of pensions offset by principal retired on outstanding debt. Other liabilities decreased by \$698,257 due to ending accrued liabilities. Deferred resource outflows related to TRS net pension and OPEB liabilities increased by \$657,106 and deferred inflows of resource related to TRS net pension and OPEB liabilities decreased by \$463,861.

The District's total revenues were \$3,415,764 less than last year. Operating grants and contributions were less by \$2,208,833. Charges for services were more by \$475,912. Decreases in tax revenues of \$2,467,849 were due to the decrease in tax valuations.

Net position of the District's governmental activities increased from \$21,315,669 to \$21,599,801. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were (\$5,522,385) at June 30, 2024.

Table I
SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NET POSITION

	Governmental Activities		Variance
	2024	2023	Increase/ Decrease
ASSETS			
Current and Other Assets	12,284,045	15,967,674	(3,683,629)
Capital Assets	43,566,039	41,401,099	2,164,940
Total Assets	<u>55,850,084</u>	<u>57,368,773</u>	<u>(1,518,689)</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to TRS OPEB	2,261,243	1,934,168	327,075
Deferred Outflow Related to TRS	2,813,391	2,483,360	330,031
Total Deferred Outflows of Resources	<u>5,074,634</u>	<u>4,417,528</u>	<u>657,106</u>
LIABILITIES			
Long-term Liabilities	29,161,703	29,145,301	16,402
Other Liabilities	4,425,943	5,124,200	(698,257)
Total Liabilities	<u>33,587,646</u>	<u>34,269,501</u>	<u>(681,855)</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Resource Inflow TRS OPEB	5,416,236	5,703,456	(287,220)
Deferred Inflow Related to TRS	321,035	497,676	(176,641)
Total Deferred Inflows of Resources	<u>5,737,271</u>	<u>6,201,132</u>	<u>(463,861)</u>
NET POSITION			
Net Invested in Capital Assets	23,125,318	19,620,162	3,505,156
Restricted	3,996,868	6,461,723	(2,464,855)
Unrestricted	<u>(5,522,385)</u>	<u>(4,766,217)</u>	<u>(756,168)</u>
Total Net Position	<u>21,599,801</u>	<u>21,315,668</u>	<u>284,133</u>

Table II
SAN DIEGO INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION

Debt Service Taxes	1,613,729	2,230,691	(616,962)
State Aid Formula Grants			-
Grants, Contributions not restricted to specific Functions	11,475,215	10,664,339	810,876
Investment Earnings	271,383	150,905	120,478
Miscellaneous	-	146,348	(146,348)
Total Revenue	26,083,718	29,499,482	(3,415,764)
Expenses:			
Instruction, curriculum and media services	12,143,267	13,238,591	1,095,324
Instructional/school leadership	2,195,596	2,342,504	146,908
Guidance, social work, health, transportation	1,811,047	1,857,532	46,485
Food Services	1,674,796	1,500,016	(174,780)
Co curricular activities	1,842,435	1,400,007	(442,428)
General administration	1,146,325	890,697	(255,628)
Plant Maintenance and Security	2,363,178	2,941,974	578,796
Data Processing	380,827	795,715	414,888
Community Services	34,022	70,311	36,289
Debt Service	1,495,323	1,551,674	56,351
Other activities	712,769	412,778	(299,991)
Total Expenses	25,799,585	27,001,799	1,202,214
Increase (decrease) in net position before transfers and special items	284,133	2,497,683	2,213,550
Transfers	-	-	-
Prior Period Adjustment	-	(52,885)	(52,885)
Increase in Net Position	284,133	2,444,798	2,160,665
Net position at beginning	21,315,668	18,870,870	2,444,798
Net position at ending	21,599,801	21,315,668	284,133

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all governmental activities this period was \$25,799,588. (Exhibit B-1)
- However, the amount that our taxpayers paid for these activities was \$17,917,382 or 69.45% (Exhibit B-1)

Table A-3
Net Cost of Selected District Functions

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2024	2023		2024	2023	
Instruction	11,920,357	12,808,803	-6.94%	8,996,832	9,850,047	-8.66%
Inst. School Leadership	1,173,738	1,248,013	-5.95%	266,212	335,296	-20.60%
Plant Maintenance & Operations	2,144,994	2,734,158	-21.55%	1,935,797	2,585,351	-25.12%

The San Diego Independent School District's Total Tax Rate for the 2023-2024 school period changed. The maintenance and operations rate (M&O) adopted by the District's elected officials was \$0.738000. This was the maximum M&O rate that a school district in Texas could adopt. However, the interest and sinking fund rate increased from \$0.4302000 to \$0.5000000. This brought the total tax rate for the 2023-2024 school period to \$1.2380 compared to the prior year's rate of \$1.2848.

The District's Refined Average Daily Attendance for the 2023-2024 school period was 1,291.000 compared to 1,283.057 for the 2022-2023 school year. This reflected an increase in ADA as the previous year. The District will continue to monitor the average daily attendance closely.

The District continues to maintain a teacher salary scale that is considered competitive, in order to attract and retain highly qualified instructional personnel. In addition, the District's contributions for health insurance coverage are above TEA's minimum requirements.

The cost of all governmental activities this year was \$25,847,892 compared to \$27,001,798 last year. However, as shown in the Statement of Activities on pages 19, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$17,965,686 because some of the costs were paid by those who directly benefited from the programs. In 2024, the District received \$7,199,494 in total operating grants and contributions compared to the prior year was \$9,408,327, state and federal aid was \$11,480,076 compared to the prior year of \$10,664,339.

THE DISTRICT'S FUNDS

As the District completed the year ending June 30, 2024, its governmental funds (as presented in the balance sheet on page 22 reported a combined fund balance of \$7,175,119 which is less than last year's total of \$10,335,017 by \$3,159,898 which was due to general fund and capital projects revenues and expenditures. Included in this period's total change in fund balance is a decrease of (\$696,033) in the District's General Fund due to capital projects approved by the Board.

The District's General Fund balance of \$4,429,380 which is undesignated is reported on pages 22 and 26 differs from the General Fund's budgetary fund balance of \$5,081,968 reported in the budgetary comparison schedule on page 68. This is principally due to unbudgeted realized revenues and controlling expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the District had \$65,377,299 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Adjustments were made during the fiscal year after an analysis of the fixed assets. Some new school construction of major additions were made during the fiscal period.

Table A-4
District's Capital Assets

	Governmental Activities		%
	2024	2023	Change
Land	148,045	148,045	-
Building and Improvements	61,520,858	57,735,339	6.6%
Equipment and Vehicles	3,486,998	3,429,628	1.7%
Capital Leases- Right to Use	221,398	221,398	0.0%
Construction in Progress	0	0	0.0%
Totals at Historical Cost	<u>65,377,299</u>	<u>61,534,410</u>	<u>6.25%</u>
Total Less: Accumulated Depreciation	<u>(21,811,260)</u>	<u>(20,133,311)</u>	<u>8.33%</u>
Net Capital Assets	<u><u>43,566,039</u></u>	<u><u>41,401,099</u></u>	<u><u>5.23%</u></u>

Debt

At June 30, 2024 fiscal ending period, the District had \$19,205,000 in bonds outstanding, premiums of \$1,235,721, loans of \$0 and right to use leases of \$0, for a total liability of \$20,440,721. GASB 68 has \$6,572,625 in liabilities while GASB 75 shows \$3,303,412 in liability for a total overall liability was \$30,466,757.

Long-term Debt

Long-term debt decreased by \$27,876.

District's Long-Term Liabilities

	Governmental Activities		Change
	2024	2023	
Bonds Payable	19,205,000	20,365,000	(1,160,000)
Right to Use/Capital Lease Liabilities	-	49,175	(49,175)
Loans	-	35,987	(35,987)
Unamortized Premiums/Discounts	1,235,721	1,330,776	(95,055)
Gasb 68	6,752,625	5,447,662	1,304,963
Gasb 75	3,303,412	3,240,282	63,130
Total Long-Term Liabilities	30,496,758	30,468,882	27,876
Adjustments were made to include the Right to Use liabilities.			

At year-end, the District had \$19,205,000 in bonds outstanding versus \$20,365,000 last year – a decrease of 5.70%. This decrease in debt resulted from the debt service payments of \$1,160,000.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$956,525 over final budget amounts. The most significant positive variance resulted from staffing and various budget efficiencies.

- Local revenue sources were \$163,687 less than expected.
- State funding was greater than budgeted by \$1,199,441.
- Federal funding was less than budgeted by \$3,650.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's certified values decreased from \$419,520,890 to \$398,210,835, a decrease of \$21,310,055, which translates into a decrease of 5.88% over last year's certified values. For years, the District had not maximized the amount of state funding which it received. The District's elected officials voted to pass the maximum tax rate allowed by the State of Texas in order to maximize the amount of state funding that the District receives.

These indicators were taken into account when adopting the General Fund budget for the 2023-2024 school period for the initially adopted budget of \$15,539,721 (Food Service program excluded). The General Fund budget for the 2024-2025 school year adopted by the District's elected officials was \$18,051,426 total, excluding food service of \$1,994,705 resulted in \$16,056,721.

The District's elected officials continue to work diligently with the staff to ensure efficient use of the public funds entrusted to them. The District earned a "Superior Rating" rating under Texas' Schools FIRST financial accountability rating system. Schools FIRST (Financial Integrity Rating System of Texas), is a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of Schools FIRST is to achieve quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office at the San Diego I.S.D. administration office located at 609 Labbe, San Diego, Texas 78384.

BASIC FINANCIAL STATEMENTS

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 6,656,760
1220 Property Taxes - Delinquent	3,178,322
1230 Allowance for Uncollectible Taxes	(645,166)
1240 Due from Other Governments	2,678,351
1260 Internal Balances	227,070
1300 Inventories	75,307
1410 Prepayments	113,401
Capital Assets:	
1510 Land	148,045
1520 Buildings, Net	41,896,391
1530 Furniture and Equipment, Net	1,521,603
1000 Total Assets	55,850,084
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	2,813,391
1706 Deferred Outflow Related to TRS OPEB	2,261,243
1700 Total Deferred Outflows of Resources	5,074,634
LIABILITIES	
2110 Accounts Payable	704,451
2140 Interest Payable	558,563
2160 Accrued Wages Payable	1,463,901
2180 Due to Other Governments	172,094
2200 Accrued Expenses	5,023
2300 Unearned Revenue	186,856
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,290,055
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	19,150,666
2540 Net Pension Liability (District's Share)	6,752,625
2545 Net OPEB Liability (District's Share)	3,303,412
2000 Total Liabilities	33,587,646
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	321,035
2606 Deferred Inflow Related to TRS OPEB	5,416,236
2600 Total Deferred Inflows of Resources	5,737,271
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	23,125,318
Restricted:	
3820 Restricted for Federal and State Programs	1,246,390
3850 Restricted for Debt Service	2,561,770
3890 Restricted for Other Purposes	188,708
3900 Unrestricted	(5,522,385)
3000 Total Net Position	\$ 21,599,801

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

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT B-1

FOR THE YEAR ENDED JUNE 30, 2024

				Net (Expense) Revenue and Changes in Net Position	
Data Control Codes	Program Revenues				
	1	3	4	6	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 11,920,357	\$ 455,139	\$ 2,516,693	\$ (8,948,525)
12	Instructional Resources and Media Services	222,910	-	55,936	(166,974)
13	Curriculum and Instructional Staff Development	190,741	-	186,245	(4,496)
21	Instructional Leadership	1,173,738	-	907,526	(266,212)
23	School Leadership	831,116	-	-	(831,116)
31	Guidance, Counseling, and Evaluation Services	818,516	-	372,599	(445,917)
32	Social Work Services	29,742	-	29,742	-
33	Health Services	253,493	-	118,309	(135,184)
34	Student (Pupil) Transportation	709,296	-	18,010	(691,286)
35	Food Services	1,674,796	145,453	2,018,126	488,783
36	Extracurricular Activities	1,842,435	82,120	-	(1,760,315)
41	General Administration	1,146,325	-	45,217	(1,101,108)
51	Facilities Maintenance and Operations	2,144,994	-	209,197	(1,935,797)
52	Security and Monitoring Services	218,184	-	-	(218,184)
53	Data Processing Services	380,827	-	42,866	(337,961)
61	Community Services	34,023	-	18,124	(15,899)
72	Debt Service - Interest on Long-Term Debt	1,491,816	-	-	(1,491,816)
73	Debt Service - Bond Issuance Cost and Fees	3,505	-	-	(3,505)
81	Capital Outlay	-	-	233,616	233,616
93	Payments Related to Shared Services Arrangements	712,771	-	427,288	(285,483)
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 25,799,585	\$ 682,712	\$ 7,199,494	(17,917,379)
Data Control Codes					
	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			6,454,914	
GC	Grants and Contributions not Restricted			11,475,215	
IE	Investment Earnings			271,383	
TR	Total General Revenues			18,201,512	
CN	Change in Net Position			284,133	
NB	Net Position - Beginning			21,315,668	
NE	Net Position - Ending			\$ 21,599,801	

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

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 4,827,735	\$ 2,520,836	\$ (69,992)
1220 Property Taxes - Delinquent	2,153,971	1,024,351	-
1230 Allowance for Uncollectible Taxes	(429,360)	(215,806)	-
1240 Due from Other Governments	1,645,764	40,933	-
1260 Due from Other Funds	565,270	-	73,304
1300 Inventories	75,307	-	-
1410 Prepayments	113,401	-	-
1000 Total Assets	<u>\$ 8,952,088</u>	<u>\$ 3,370,314</u>	<u>\$ 3,312</u>
LIABILITIES			
2110 Accounts Payable	\$ 427,702	\$ -	\$ 3,312
2160 Accrued Wages Payable	1,463,901	-	-
2170 Due to Other Funds	729,376	-	-
2180 Due to Other Governments	172,094	-	-
2200 Accrued Expenditures	5,023	-	-
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>2,798,096</u>	<u>-</u>	<u>3,312</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,724,612	808,544	-
2600 Total Deferred Inflows of Resources	<u>1,724,612</u>	<u>808,544</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	75,307	-	-
3430 Prepaid Items	113,401	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	1,018,976	-	-
3480 Retirement of Long-Term Debt	-	2,561,770	-
3600 Unassigned Fund Balance	3,221,696	-	-
3000 Total Fund Balances	<u>4,429,380</u>	<u>2,561,770</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 8,952,088</u>	<u>\$ 3,370,314</u>	<u>\$ 3,312</u>

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

Other Funds		Total Governmental Funds	
\$	(621,819)	\$	6,656,760
	-		3,178,322
	-		(645,166)
	991,654		2,678,351
	331,479		970,053
	-		75,307
	-		113,401
<u>\$</u>	<u>701,314</u>	<u>\$</u>	<u>13,027,028</u>
\$	273,437	\$	704,451
	-		1,463,901
	13,607		742,983
	-		172,094
	-		5,023
	186,856		186,856
	<u>473,900</u>		<u>3,275,308</u>
	-		2,533,156
	-		2,533,156
	-		75,307
	-		113,401
	227,414		1,246,390
	-		2,561,770
	-		3,221,696
	<u>227,414</u>		<u>7,218,564</u>
<u>\$</u>	<u>701,314</u>	<u>\$</u>	<u>13,027,028</u>

THIS PAGE LEFT BLANK INTENTIONALLY

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 7,218,564
1 Capital assets and Right-to-Use Lease Assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$61,534,410 and the accumulated depreciation was (\$20,133,311). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.	19,620,162
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position. Similarly, the principal payments on Right-to-Use Lease Assets and SBITA Assets are not expenses, rather they are decreases in the Right-to-Use Lease Liabilities and the SBITA Liabilities. These payments must be reclassified and shown as reductions to these liabilities increasing Net Position.	4,624,542
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TES included a deferred resource outflow in the amount of \$2,813,391, a deferred resource inflow in the amount of \$321,035, a net pension liability in the amount of \$6,752,625. This resulted in an increase (decrease) in net position.	(4,260,269)
4 Included in the items related to debt is recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$2,261,243, a deferred resource inflow in the amount of 5,416,236, a net OPEB liability in the amount of \$3,303,412. This resulted in an increase (decrease) in net position.	(6,458,405)
5 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,677,949)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase(decrease) net position.	2,533,156
29 Net Position of Governmental Activities	\$ 21,599,801

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

SAN DIEGO 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	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 3,528,547	\$ 1,974,717	\$ 39,320
5800 State Program Revenues	12,839,662	32,479	-
5900 Federal Program Revenues	2,152,597	-	-
5020 Total Revenues	18,520,806	2,007,196	39,320
EXPENDITURES:			
Current:			
0011 Instruction	8,605,817	-	-
0012 Instructional Resources and Media Services	67,227	-	-
0013 Curriculum and Instructional Staff Development	-	-	-
0021 Instructional Leadership	259,886	-	-
0023 School Leadership	899,844	-	-
0031 Guidance, Counseling, and Evaluation Services	362,049	-	-
0032 Social Work Services	-	-	-
0033 Health Services	137,907	-	-
0034 Student (Pupil) Transportation	609,546	-	-
0035 Food Services	1,621,781	-	-
0036 Extracurricular Activities	1,490,191	-	-
0041 General Administration	1,108,071	-	-
0051 Facilities Maintenance and Operations	2,421,130	-	-
0052 Security and Monitoring Services	211,168	-	-
0053 Data Processing Services	345,692	-	-
0061 Community Services	15,900	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	1,315,933	-
0072 Interest on Long-Term Liabilities	-	957,536	-
0073 Bond Issuance Cost and Fees	-	3,507	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	8,397	-	3,084,574
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	285,483	-	-
6030 Total Expenditures	18,450,089	2,276,976	3,084,574
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	70,717	(269,780)	(3,045,254)
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	32,479	723,304
8911 Transfers Out (Use)	(723,304)	(32,479)	-
7080 Total Other Financing Sources (Uses)	(723,304)	-	723,304
1200 Net Change in Fund Balances	(652,587)	(269,780)	(2,321,950)
0100 Fund Balance - July 1 (Beginning)	5,081,967	2,831,550	2,321,950
3000 Fund Balance - June 30 (Ending)	\$ 4,429,380	\$ 2,561,770	\$ -

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

	Other Funds	Total Governmental Funds
\$	482,594	\$ 6,025,178
	446,647	13,318,788
	4,354,045	6,506,642
	5,283,286	25,850,608
	2,463,524	11,069,341
	55,936	123,163
	186,245	186,245
	907,526	1,167,412
	-	899,844
	372,600	734,649
	29,742	29,742
	118,309	256,216
	18,010	627,556
	27,227	1,649,008
	-	1,490,191
	45,217	1,153,288
	209,195	2,630,325
	-	211,168
	42,864	388,556
	18,123	34,023
	-	1,315,933
	-	957,536
	-	3,507
	233,616	3,326,587
	427,288	712,771
	5,155,422	28,967,061
	127,864	(3,116,453)
	-	755,783
	-	(755,783)
	-	-
	127,864	(3,116,453)
	99,550	10,335,017
\$	227,414	\$ 7,218,564

SAN DIEGO 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

Total Net Change in Fund Balances - Governmental Funds	\$ (3,116,454)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to decrease the change net position. Similarly, current year principal payments on Right-to-Use Leases and SIBTAs are also reclassified as reductions to the Right-To-Use Lease Liability and the SBITA liability which will result in a decrease in the change in Net Position.	4,624,542
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 the change in net position.	(1,677,949)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.	701,119
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. This contribution made after the measurement date of the plan caused the change in ending net position to increase by \$417,004. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net pension liability. This caused a decrease in net position totaling \$405,557. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net pension by \$809,738. The net result is an increase (decrease) in the change in net position.	(798,291)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. This contribution made after the measurement date of the plan caused the change in ending net position to increase by \$111,900. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net pension liability. This caused a decrease in net position totaling \$176,770. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net pension by(\$616,035). The net result is an increase (decrease) in the change in net position.	551,165
Change in Net Position of Governmental Activities	\$ 284,132

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

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 610,973
Total Assets	<u>610,973</u>
LIABILITIES	
Accounts Payable	27,378
Payroll Deductions and Withholdings Payable	10,769
Due to Other Funds	<u>227,070</u>
Total Liabilities	<u>265,217</u>
NET POSITION	
Unrestricted Net Position	<u>345,756</u>
Total Net Position	<u>\$ 345,756</u>

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

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

	Total Custodial Funds
ADDITIONS:	
Enterprising Services Revenue	\$ 47,107
Total Additions	<u>47,107</u>
DEDUCTIONS:	
Supplies and Materials	57,778
Total Deductions	<u>57,778</u>
Change in Fiduciary Net Position	(10,671)
Total Net Position - July 1 (Beginning)	<u>356,427</u>
Total Net Position - June 30 (Ending)	<u>\$ 345,756</u>

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

NOTES TO FINANCIAL STATEMENTS

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

San Diego Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its general purpose financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 76* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

Other Post-Employment Benefits (OPEB). The fiduciary net position of the Teacher Retirement System of Texas (TRS) 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

A. REPORTING ENTITY

Because the Board of Trustees (the "Board") is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the San Diego Independent School District non-fiduciary activities with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions.

Inter-fund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year-end.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The District has elected not to capitalize interest on construction bonds net of related bond interest earning as part of the overall construction cost of capital assets in the governmental fund types.

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **ESSER II Fund** is used to account for the activity related to the use of funds provided by the Elementary and Secondary School Emergency Relief Fund (ESSER).

The **Debt Service Fund** accounts for resources accumulated and payments made for principal and interest in long-term general obligation debt of governmental funds.

Additionally, the District reports the following fund type:

The **Non-major Special Revenue Funds**, a governmental fund type, account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District accounts for each federal and state grant in a separate special revenue fund.

The **Custodial Fund** accounts for resources held for others in a custodial capacity. The District's Custodial Fund is Student Activities.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

E. FUND BALANCE POLICY

The District reports fund balance for governmental funds in classifications based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The **non-spendable** classification represents assets that will be consumed or “must be maintained in tact” and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the **restricted** classification. The nature of these two classifications precludes a need for a policy from the Board of Trustees. However, the Board has adopted fund balance policies for the three unrestricted classifications – committed, assigned, and unassigned.

From time to time, the Board of Trustees may commit fund balances by a majority vote in a scheduled meeting. The Board’s commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of non-spendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions and other purposes determined by the Board.

The Board of Trustees may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures should be charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures should be charged to unassigned, assigned or committed.

By a majority vote in a scheduled meeting the Board of Trustees may commit fund balances and it may modify or rescind commitments. The Board may also delegate authority to persons or parties to assign fund balances in specific circumstances or funds.

F. OTHER ACCOUNTING POLICIES

1. The District records purchases of supplies as expenditures.
2. The District records its investments in bank Certificates of Deposit and other investments at fair value.
3. Unearned revenue accounted for on the balance sheet of the general fund relates to excess funds received from the Texas Education Agency over earned amounts.
4. The District provides risk management obligations by carrying appropriate insurance. Property and general liability insurance is obtained from a licensed insurer. Risk of loss is not retained by the District.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

5. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
6. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
7. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Vehicles	10
Equipment	10 – 20

1. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.
2. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Districts deferred outflows of resources consist of differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (OPEB), change in proportion and differences between employer's contributions and the proportionate share of contributions (pension & OPEB), and contributions paid to TRS subsequent to the measurement date (pension & OPEB).

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

3. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. In the government wide financial statements, the District reports a deferred inflow of resources for differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB). In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Items reported as deferred outflows of resources are as follows:

Deferred charges related to TRS retirement	\$2,813,391
Deferred charges related to TRS OPEB	\$2,261,243

11. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. Items reported as deferred inflows of resources are as follows:

Deferred charges related to TRS retirement	\$ 321,035
Deferred charges related to TRS OPEB	\$ 5,416,236

12. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a State-wide database for policy development and funding plans.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Capital Assets at the Beginning of the year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Position
Land	\$ 148,045	\$ -	\$ 148,045	
Buildings	57,735,339	18,051,842	39,683,497	
Furniture & Equipment	3,429,628	1,897,524	1,532,104	
Right to Use equipment	221,398	183,945	37,453	
Construction in Progress	-	-	-	
Change in Net Position	<u>\$ 61,534,410</u>	<u>\$ 20,133,311</u>		<u>\$ 41,401,099</u>
Long-term Liabilities at the Beginning of the year			Payable at the Beginning of the Year	
Bonds Payable			\$ 20,365,000	
Loans, Leases			85,161	
Premium			1,330,776	
Change in Net Position				<u>21,780,937</u>
Net Adjustment to Net Position				<u>\$ 19,620,162</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	Amount	Adjustments to Changes in Net Position	Adjustments to Net Position
<u>Current Year Capital Outlay</u>			
Land	-	-	-
Buildings & Improvements	3,785,519	3,785,519	3,785,519
Furniture & Equipment	57,399	57,399	57,399
Construction in Progress	-	-	-
Right to Use Equipment	-	-	-
Total Capital Outlay	<u>3,842,918</u>	<u>3,842,918</u>	<u>3,842,918</u>
<u>Debt Principal Payments</u>			
Bond Principal	1,160,000	1,160,000	1,160,000
Bond Premium	95,055	95,055	95,055
Right to Use Equipment/Loans	85,161	85,161	85,161
Accrued Interest	(558,592)	(558,592)	(558,592)
Total Principal Payments	<u>781,624</u>	<u>781,624</u>	<u>781,624</u>
Total Adjustment to Net Position		<u>4,624,542</u>	<u>4,624,542</u>

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Another element of the reconciliation on Exhibit C-2 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
<u>Adjustments to Revenue and Unavailable Revenue</u>			
Taxes Collected from Prior Year Levies	2,533,156	2,533,156	2,533,156
Uncollected taxes(assumed collectible) from Current Year Levy			
Uncollected Taxes (assumed collectible) from Prior Year Levy			
Other	(1,981,991)	(1,981,991)	-
Total		<u>551,165</u>	<u>2,533,156</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

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

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

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to 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 fiscal year end. There were no significant budget amendments passed during the 2023-2024 school year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	June 30, 2024 Fund Balance
Appropriated Budget Funds - Food Service (In General Fund)	\$ -
Non-appropriated Budget Funds	227,414
All Special Revenue Funds	<u>\$ 227,414</u>

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

General Fund- Instruction	1,098,299
General Fund- Instruction Resources	25,594
General Fund - Guidance, Counseling	5,879
General Fund - Student (Pupil)	28,546
General Fund - Extracurricular Activities	255,950
General Fund - Administration	52,030
General Fund - Security and Monitoring	8,618
General Fund - Facilities	8,398
General Fund -Transfers	723,304
Debt Service Fund- Principal	155,933

C. DEFICIT FUND EQUITY

None

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At June 30, 2024, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$6,833,476 and the bank balance was \$3,629,699 and the Lone Star balance was \$3,117,229. The District's cash deposits at June 30, 2024 and during the year ended June 30, 2024 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: 1st State Bank of San Diego.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$5,294,346.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$4,602,229 (cash at bank was \$4,602,229 and Lone Star was \$3,546,543) and occurred during the month of February 2024.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The District had no foreign currency risk.

As of June 30, 2024, the following are the District's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 year	Maturity in 1-10 Years	Maturity in Over Over 10 Years	Credit Rating
Cash	\$ 4,602,229	56.5%	\$ 4,602,229	\$ -	\$ -	N/A
Money markets and FDIC Insured Accounts	-	0.0%	-	-	-	
Investment Pools:						
LoneStar	3,546,543	43.5%	3,546,543			AAAm
Total Investment Pools:						
Total Cash and Cash Equivalents	\$ 8,148,772	1.00	\$ 8,148,772	\$ -	\$ -	

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies. Additional policies and contractual provisions governing investments for the District are specified below:

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

All investment pools utilized by the district meet the requirements of the Texas Public Funds Investment Act. Lone Star investment pool has been rated AAA by Standard & Poor's. Texas Term investment pool has been rated AAA by Standard & Poor's.

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

Lone Star

The **Lone Star Investment Pool** (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAAM by Standard and Poor's. Lone Star has no limitations or restrictions on withdrawals. The District is invested in the Government Overnight Fund of Lone Star. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government Overnight and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net asset value of 50 cents. The Government Overnight and Corporate Overnight Funds value all investments at amortized cost and are operated in accordance with GASB 79. The Corporate Overnight Plus Fund values all investments at fair value and is operated in accordance with GASB 72. The Pool is governed by an eleven-member board of trustees (the Board) made up of active participants in the Pool. The Board has the responsibility of adopting and monitoring compliance with the investment policy, appointing investment officers, overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. The Board is also responsible for monitoring performance of the Pool. Financial information for the Pool can be obtained by writing to Post Office Box 400, Austin, Texas, 78767-0400 or by calling 1-800-758-3927. Additional policies and contractual provisions governing investments for the District are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in (list investments covered by the district's credit risk policy, such as commercial paper, corporate bonds, mutual bond funds) to the top (or top 2 or 3) ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2024, all of the District's investments were rated AA+ by Standard & Poor's rating agency. Therefore, the District was not exposed to credit risk.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent. The District was not exposed to custodial credit risk.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%. The District was not exposed to concentration of credit risk.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires a review of its investment portfolio at least annually to determine whether market conditions pose an inherent risk of future interest rates either rising or falling which could significantly affect investment performance. The District was exposed to interest rate risk for its municipal bond investments. However, the District's intent is to hold the investments to maturity at which time the payout will be at par price regardless of interest rate market conditions. The District's belief that the current investment market conditions warrant a greater inherent risk to maintain the status quo by maintaining investments in shorter-termed maturity investment vehicles that offer little to no rate of return.

Foreign Currency Risk for Investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in any foreign currency. Therefore, the District was not exposed to foreign currency risk.

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

In this discussion and in the table below, investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurement in their entirety are categorized based on the lowest level input that is significant to the valuation.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

As of June 30, 2024, the District has The District's assessment of the significance of particular inputs to these fair value measurement requires judgement and considers factors specific to each asset or liability.

and the following investments subject to the fair value measurement (The District had no investments).

Investment by Fair Value Level	Fair Value Measurements Using			
	Balance at June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
U.S. Treasury Securities	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	-	-	-	-
Total Debt Securities	-	-	-	-
Equity Securities:				
(Describe)	-	-	-	-
Total Equity Securities	-	-	-	-
Venture Capital Investments:				
(Describe)	-	-	-	-
Total Venture Capital Investments	-	-	-	-
Total Investments by Fair Value Level	\$ -	\$ -	\$ -	\$ -
Mutual Funds Total				

B. PROPERTY TAXES AND DELINQUENT TAXES RECEIVABLES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On February 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year. The assessed value of the roll on January 1, 2024 fiscal year was based, was \$398,210,835. The tax rates assessed for the twelve months ending June 30, 2024, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$.73800 and \$.50000 per \$100 valuation, respectively, for a total of \$1.2380 per \$100 valuation.

Current tax collections for the year ending June 30, 2024 were 89.45% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

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.

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

The following table shows a schedule of delinquent taxes receivable and the allowance for uncollectible taxes for the District:

	Balance 7/1/2023	Current Year Levy	Total Collections	Yearly Adjustments	Balance 06/30/2024
Delinquent Taxes Receivable	3,031,597	4,904,409	4,598,708	(158,976)	3,178,322
Allowance for Uncollectible Taxes	(640,995)	-	-	(4,171)	(645,166)
Net Delinquent Taxes Receivable	<u>2,390,602</u>	<u>4,904,409</u>	<u>4,598,708</u>	<u>(163,147)</u>	<u>2,533,156</u>

D. INVENTORIES AND PREPAID ITEMS

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market value supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Suppliers are used for almost all functions of activity, while food commodities are used only in food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

E. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2024 consisted of the following individual fund balances:

	Due From Other Funds	Due To Other Funds
General Fund:		
Special Revenue Fund	565,270	729,376
Fiduciary Fund	331,479	
Total General Fund	896,749	729,376
Special Revenue Fund:		
General Fund	73,304	13,607
Enterprise Fund:		
Custodial Fund	-	-
Fiduciary Funds:		
General Fund	-	227,070
Special Revenue Fund	-	-
Total Custodial Funds	-	227,070
TOTAL	970,053	970,053

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2024, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	2,153,971	1,645,764	565,270	-	4,365,005
Major Governmental Funds	1,024,351	40,933	-	-	1,065,284
Nonmajor Governmental Funds	-	948,210	404,783	-	1,352,993
Total - Governmental Activities	3,178,322	2,634,907	970,053	-	6,783,282

Payables at June 30, 2024, were as follows:

	Accounts	Loans, Leases and Bonds Payable Current Year	Salaries and Benefits	Due to Other Funds	Due to Other Govt	Other	Total Payables
Governmental Activities:							
General Fund	427,702	1,290,055	1,463,901	729,376	172,094	5,023	4,088,151
Major Gov. Fund	-	-	-	-	-	-	-
Nonmajor Gov. Funds	276,749	-	-	13,607	-	-	290,356
Total - Gov. Activities	704,451	1,290,055	1,463,901	742,983	172,094	5,023	4,378,507

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the period ending June 30, 2024, was as follows:

	Primary Government		
	Beginning Balance	Additions	Ending Balance
Governmental Activities:			
Land	148,045	-	148,045
Buildings	57,735,339	3,785,519	61,520,858
Furniture and Equipment	3,429,628	57,370	3,486,998
Capital Leases - Right to use	221,398	-	221,398
Totals at Historic Cost	61,534,410	3,842,889	65,377,299
Less Accumulated Depreciation for:			
Buildings and Improvements	(18,051,842)	(1,572,625)	(19,624,467)
Furniture and Equipment	(1,897,524)	(67,871)	(1,965,395)
Capital Leases - Right to use	(183,945)	(37,453)	(221,398)
Total Accumulated Depreciation	(20,133,311)	(1,677,949)	(21,811,260)
Governmental Activities Capital Assets, Net	41,401,099	2,164,940	43,566,039

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 969,067
Library and Media	99,712
Curriculum	4,496
Campus Administration	52,277
Counseling	976
Student (Pupil) Transportation	81,740
Health Services	1,145
Food Service	26,987
Athletic and Co-curricular	366,255
General Administration	8,671
Plant Maintenance and Operations	59,533
Security and Monitoring	7,090
Total Depreciation Expense	\$ 1,677,949

G. LOANS PAYABLE

None

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

H. BONDS PAYABLE:

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. A summary of changes in general long-term debt for the year ended June 30, 2024 is as follows:

DESCRIPTION	Lawful Purpose	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Amounts Outstanding 7/1/2023	Issued	Retired	Outstanding 6/30/2024
Bond Srs 2016, mat. 8/31/36	45.11	4.00%	\$ 6,210,000	\$ 197,500	\$ 4,810,000	\$ -	\$ 265,000	\$ 4,545,000
Bonds 2020, mat. 8/15/51	45.11	2% to 4%	4,100,000	139,650	3,950,000	-	80,000	3,870,000
Bonds 2020 mat 8/15/45	45.11	2% to 4%	3,950,000	157,525	3,685,000	-	105,000	3,580,000
Bonds 2013 Qscb, mat. 8/15/36	45.11	3-4.25%	5,485,000	290,706	3,120,000	-	300,000	2,820,000
Bonds 2013, mat. 8/15/43	45.11	2 - 4.5%	1,425,000	52,831	1,195,000	-	35,000	1,160,000
Bonds 2015, Ultd Tx Ref Bds	45.11	4.00%	5,980,000	151,500	3,605,000	-	375,000	3,230,000
Subtotal Bonds				\$ 989,712	\$ 20,365,000	\$ -	\$ 1,160,000	\$ 19,205,000
Premium					1,330,776	-	95,055	1,235,721
Subtotal Premium					\$ 1,330,776	\$ -	\$ 95,055	\$ 1,235,721
Right to Use/Loans					85,161	-	85,161	-
Subtotal Capital Leases					85,161	-	85,161	-
Gash 68 Pension					5,447,662	1,304,963	-	6,752,625
Gash 75 Pension					3,240,282	63,130	-	3,303,412
Subtotal Pension					8,687,944	1,368,093	-	10,056,037
Total					\$ 30,468,881	\$ 1,368,093	\$ 1,340,216	\$ 30,496,758

Debt service requirements are as follows:

Year Ended	Principal	Interest
June 30,		
2025	1,195,000	923,361
2026	1,230,000	887,161
2027	1,275,000	848,961
2028	1,305,000	809,362
2029	1,350,000	768,355
2030-2034	5,730,000	2,523,425
2035-2039	3,050,000	1,081,097
2040-2044	2,190,000	606,650
2045-2049	1,430,000	209,200
2050-2054	450,000	18,200
Total	19,205,000	8,675,772

Advance Refunding Bonds

On January 25, 2016, the District issued Series 2016 Unlimited Tax Refunding Bonds, Series 2016 totaling \$6,210,000 with an interest rate of 4.00% to advance refund a portion of the Series 2005 Bonds that were stated to mature on or after August 15, 2030. The net proceeds of \$6,889,751 (after payment of \$165,529 in insurance and underwriter's costs, and premium of \$845,280) were being used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows: Provide for future debt service payments on the refunded bonds, and to pay additional issuance costs and fees totaling \$165,529.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

As a result, \$6,720,000 of Series 2005 bonds are considered to be defeased and the liability for those bonds have been removed from long-term debt. The district advance refunded the Series 2005 bonds to reduce its total debt services payments over the next 15 years to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$510,000. There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2021.

On May 15, 2020, delivered on May 21, 2020, the District issued Unlimited Tax Refunding Bonds, Series 2020 totaling \$3,950,000 with an interest rate of 2%-4.00% to advance refund a portion of the Series 2010 Bonds that were stated to mature on or after August 15, 2033-2042. The net proceeds of \$4,423,055 (after payment of \$127,548 in insurance and underwriter's costs \$30,455 and premium of \$503,509) were being used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows: Provide for future debt service payments on the refunded bonds, and to pay additional issuance costs and fees totaling \$165,529. Interest to accrue from the Delivery Date. The Bonds consist of \$1,235,000 Serial Bonds, \$440,000 Term Bonds due August 15, 2033, \$485,000 Term Bonds due August 15, 2036, \$725,000 Term Bonds due August 15, 2040, \$400,000 Term Bonds due August 15, 2042 and \$665,000 Term Bonds due August 15, 2045.

San Diego Independent School District participates in a continuing disclosure undertaking to provide Annual Reports and Material Events Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC rule 15c2-12 to enable investors to analyze the financial condition and operations of the San Diego Independent School District.

I. RIGHT-TO-USE LEASE LIABILITIES PAYABLE

The District leases postage machines and photocopiers with agreements having 3 and 5-year terms. Payments of \$0 are made monthly which consist of principal and imputed annual interest of 4.00%. No assets were pledged as collateral for these leases.

A summary of right-to-use lease arrangements for the year ended June 30, 2024, is as follows:

Description	Discount Rate	Original Lease Liability	Current Year Interest	Principal Balance at 7/1/2023	New Lease Agreement	Principal Paid this Year	Principal Balance at 6/30/2024	Principal Due within One Year
Pitney Bowes/Xerox, October 2019	4.00%	\$221,398	\$ 5,454	\$ 49,175	\$ 0	\$49,175	\$0	\$0

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

Year Ended	Principal	Interest	Total
June 30, 2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
Total	-	-	-

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

I. CAPITAL LEASES/LOANS

The District has commitments under capital leases/loans for various bus equipment that are cancelable and extended on a monthly basis.

The District has several capital lease/loan obligations that will be paid off over the following years. The interest on the various leases varies from 5% to 6.75%. The principal payments total \$35,987.

Capital Leases/Loans

Year Ended June 30,	Capital Leases/Loans		
	Principal	Interest	Total
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
Total	-	-	-

J. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Upon retirement or death of certain employees, the District does not pay any accrued sick leave and vacation leave pay when an employee leaves.

The State of Texas has created a minimum personal leave program consisting of five days per year leave with no limit on accumulation and transferability among districts for every teacher regularly employed in Texas public schools.

Each district's local Board of Education is required to establish a leave plan. Local school districts may provide additional leave beyond the state minimum. The San Diego Independent School District provides an additional two days per year leave above the state granted five days per year. Personal leave is not vested, therefore, upon resignation, termination or nonrenewal of contract, accumulated personal leave is not paid.

K. DEFINED BENEFIT PENSION PLAN

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

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

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR> 2017.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2022 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of June 30, 2022.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2023 and 2024.

Contribution Rates		
GASB 68 Pension contribution rates	2023	2024
Member	8.0%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%
San Diego ISD 2023/2024 Employer Contributions		\$ 505,210
San Diego ISD 2023/2024 Member Contributions		\$ 937,179
San Diego ISD 2023/2024 NECE On-Behalf Contributions		\$ 581,167

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, 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 including public schools are required to pay the employer contribution rate in the following instances:

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

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

- 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.
- All public schools, charter schools, and regional educational service centers must contribute 1.8 percent of the member's salary beginning in fiscal year 2023, gradually increasing to 2 percent in the fiscal year 2025.

Actuarial Assumptions. The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.50 percent of payroll in the fiscal year 2024 increasing to 9.56 percent in the fiscal year 2025 and thereafter. 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.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
	3.91% - Source for the rate is the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity tht include only federally tax maturity tht include only federally tax exempt municipal bonds as reported in Fidelity Indexs "20-year Municipal GP AA Index
Municipal Bond Rate as of August 2020	2022
Last Year ending August 31 in Projection Period	2022
Inflation	2.30%
Salary Increases	2.95% to 8.95%
Ad hoc post - employment benefit changes	None

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2023 are summarized below:

Asset Class-1	Target Allocation-2	Long-Term Expected (10yr) Geometric Real Rate of Return-3	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	16.00%	4.00%	1.00%
Non-U.S. Developed	11.70%	4.50%	0.90%
Emerging Markets	8.40%	4.80%	0.70%
Private Equity-1	16.90%	7.00%	1.50%
Stable Value			
Government Bonds	13.70%	2.50%	0.50%
Absolute Return-1	3.40%	3.60%	0.00%
Stable Value Hedge Funds	5.30%	4.10%	0.20%
Real Return			
Real Estate	15.40%	4.90%	1.10%
Energy and Natural Resources and Infrastructure	7.00%	4.80%	0.40%
Commodities	0.30%	4.40%	0.00%
Risk Parity			
Risk Parity	7.00%	4.50%	0.40%
Cash	2.30%	3.70%	0.00%
Asset allocation Leverage	-7.40%	4.40%	-0.10%
Inflation Expectation			2.30%
Volatility Drag-4			-0.90%
Total	100%	57.20%	8.00%

1- Absolute Returns Includes Credit Sensitive Investments.

2- Target allocations are based on the FY2022 policy model.

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

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

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
SDISD's proportionate share of the net pension liability:	\$ 10,095,548	\$ 6,752,625	\$ 3,972,982

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, San Diego Independent School District reported a liability of \$6,752,625 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to San Diego Independent School District. The amount recognized by San Diego Independent School 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 San Diego Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 6,752,625
State's proportionate share that is associated with the District	7,766,288
Total	<u>\$ 14,518,913</u>

The net pension liability was measured as of 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 employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At August 31, 2023, the employer's proportion of the collective net pension liability was .0098305288% which was an increase of .0006543487% from its proportion measured as of August 31, 2022.

For the year ended June 30, 2024, San Diego Independent School District recognized pension expense of \$2,387,937 and revenue of \$1,172,642 for support provided by the State.

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

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

Year ended June 30:	Pension Expense Amount
2025	517,801
2026	307,751
2027	891,130
2028	298,378
2029	60,293
Thereafter	(1)

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Long Term Liability Disclosure

	Beginning Balance	Additions	Retirements	End Balance
Net Pension Liability	\$5,447,662	\$1,304,963	\$ -	\$6,752,625

L DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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 Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

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

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes, including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare Parts A&B coverage.

TRS-Care Monthly for Retirees January 1, 2023 thru December 31, 2023		
	Medicare	Non-Medicare
Retiree*	135	200
Retiree and spouse	529	689
Retiree* and children	468	408
Retiree and family	1,020	999

*Or surviving spouse

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

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 plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for the plan is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS board of trustees does not have the authority to set or amend contribution rates.

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

Contribution Rates		
GASB 75 OPEB contribution rates	2023	2024
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding	1.25%	1.25%
Current fiscal year employer contributions		\$ 133,844
Current fiscal year member contributions		\$ 74,242
2023 measurement year NECE on-behalf contributions		\$ 156,192

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

Actuarial Assumptions. The total OPEB liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2023 TRS pension actuarial valuation:

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

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
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.
Projected Salary Increases	2.95% to 8.95%, including inflation
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 4.13% was used to measure the total OPEB liability. There was an increase of 0.22 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer 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 applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used 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:	\$ 3,890,731	\$ 3,303,412	\$ 2,824,145

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability:	\$ 2,720,194	\$ 3,303,412	\$ 4,053,723

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 \$3,303,412 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

Discount's proportionate share of the collection net OPEB liability	\$ 3,303,412
State's proportionate share that is associated with the District	3,986,074
Total	<u>\$ 7,289,486</u>

The net OPEB liability was measured as of 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.

At August 31, 2023, the District's proportion of the collective net OPEB liability was 0.0149217024% which was an increase (decrease) of .00013889525% from its proportion measured as of August 31, 2022.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

For the fiscal year ending June 30, 2024, the District recognized OPEB expense of (\$1,291,404) and revenue of (\$852,139) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 149,454	\$ 2,779,195
Changes in actuarial assumptions	450,892	2,022,767
Difference between projected and actual investment earnings	1,427	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,547,570	614,274
Total as of August 31, 2023 measurement date	2,149,343	5,416,236
Contributions paid to TRS subsequent of the measurement date	111,900	
Total as of August 31, 2024 fiscal year end	\$ 2,261,243	5,416,236

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:

At June 30th ending	Pension Expense Amount
2025	(761,552)
2026	(610,038)
2027	(404,915)
2028	(404,373)
2029	(516,002)
Thereafter	(570,013)

Long Term Liability Disclosure

	Beginning Balance	Additions	Retirements	End Balance
Net OPEB Pension Liability	\$3,240,282	\$ 63,130	\$ -	\$3,303,412

M. HEALTH CARE COVERAGE

Employee Health Care Coverage

During the year ended June 30, 2024, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$286 per month per employee to the Plan and the State's contribution was \$75. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Medicare on Behalf Payments.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. The on-behalf payments for San Diego Independent School District for 2024, 2023, and 2022 were \$60,913, \$56,748, and \$40,741, respectively.

N. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the fiscal year ending June 30, 2024, was as follows:

	Beg. Bal. 7/1/2023	Additions	Reductions	End. Bal. 6/30/2024	Due Within One Year
Governmental Activities:					
Gen. Obligation Bonds-2016, (mat 8/15/2036)	\$ 4,810,000	\$ -	\$ 265,000	\$ 4,545,000	\$ 275,000
Gen. Obligation Bonds-2013, (mat 8/15/2031) QSCB	3,120,000	-	300,000	2,820,000	300,000
Gen. Obligation Bonds-2013, (mat 8/15/2043)	1,195,000	-	35,000	1,160,000	40,000
Gen. Obligation Bonds-2015, (mat 8/15/2031)	3,605,000	-	375,000	3,230,000	390,000
Gen. Obligation Bonds-2020,(mat 8/15/2050)	3,950,000	-	80,000	3,870,000	80,000
Gen. Obligation Bonds-2020,(mat 8/15/2050)	3,685,000	-	105,000	3,580,000	110,000
Total Gen. Obligation Bonds	20,365,000	-	1,160,000	19,205,000	1,195,000
Loans	35,987	-	35,987	-	-
Capital Leases - Right to Use	49,174	-	49,174	-	-
Premium	1,330,776	-	95,055	1,235,721	95,055
Total Gov. Activities Long-term Liabilities	\$ 21,780,937	-	\$ 1,340,216	\$ 20,440,721	\$ 1,290,055
Pension Gasb 68	5,447,662	1,304,963	-	6,752,625	-
Pension OPEB Gasb 75	3,240,282	63,130	-	3,303,412	-
Total Long-Term Liabilities	\$ 30,468,881	\$ 1,368,093	\$ 1,340,216	\$ 30,496,758	\$ 1,290,055

O. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Net Tax Revenue	\$ 1,724,612	\$ -	\$ 808,544	2,533,156
Various	-	186,856	-	186,856
Total Unearned Revenue	\$ 1,724,612	\$ 186,856	\$ 808,544	2,720,012

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

P. DUE FROM STATE AGENCIES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Unavailable Property Tax Revenue	\$ 1,724,612	\$ -	\$ 808,544	\$ 2,533,156
State & Federal Governments	-	186,856	-	186,856
Total Unavailable Revenue	\$ 1,724,612	\$ 186,856	\$ 808,544	\$ 2,720,012

Q. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
Property Taxes	\$ 2,804,562	\$ -	\$ -	\$ 1,860,346	\$ 4,664,908
Penalties, Interest & Other Tax-related Income	116,284	-	-	44,958	161,242
Investment Income	150,905	-	39,320	69,173	259,398
Food Sales	139,084	-	-	-	139,084
Co-curricular Student Activities	82,119	-	-	-	82,119
Other	235,594	482,594	-	240	718,428
Total	\$ 3,528,548	\$ 482,594	\$ 39,320	\$ 1,974,717	\$ 6,025,179

R. LITIGATION

There are various pending legal proceedings and claims against the District involving employment and contract issues. In the opinion of the District's management after consultation with legal counsel, it is estimated that any potential claims would not materially affect the financial statements of the District.

S. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The District participates in numerous State and Federal grant programs which 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.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

T. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District is the fiscal agent for a Shared Services Arrangement ("SSA") that provides special education services to member districts. In addition to the District, other member districts include Benavides ISD and Ramirez CSD. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Funds No. 313 & 314 and will be accounted for using Model # 2 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

San Diego Independent School District	\$ 285,483
Benavides Independent School District	76,861
Ramirez Common School District	3,660
Co-op (as a whole)	<u>\$ 366,004</u>

U. SUBSEQUENT EVENTS

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

V. RELATED ORGANIZATIONS

None

W. OTHER

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) being implemented by the District include the following:

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange like transaction. GASB 94 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Statement No. 96, *Subscription-Based Information Technology Arrangements* - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

To the extent relevant, the standards for SBITAs are based on the standards established in State No. 87, *Leases*, as amended. This Statement will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined. GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

During the prior fiscal year, the District as well as the world has been battling the Covid 19 virus. The economy as well as people have been hurt or worse. The District as well as the nation continue to work on a safe recovery and environment.

X. FUND BALANCES

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The classifications are as follows:

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Board of Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Trustees or state statute. Board of Trustees or a District official delegated that authority by the Board of Trustees.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

District Fund Balance Policy

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The District has in the past and plans to continue in the future its conservative approach to monitoring expenditures to ensure that fund balances stay strong. Good management practices contributed toward the credit rating agencies deciding to reaffirm the District's. Good management practices contributed toward the credit rating agencies deciding to reaffirm the District's "Triple A" ratings (AAA). As Standard & Poor's stated, "[Our] stable outlook also reflects our expectation that District officials will maintain reserve levels at a strong level.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Fund Balance - GASB 54 Compliance

By a majority vote in a scheduled meeting of the Board of Trustees, the Board may commit fund balances and it may modify or rescind these commitments. The Board of Trustees may also delegate authority to persons or parties to assign fund balances in specific circumstances. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows.

Fund Balance Classification	Amount
Non-spendable	
Inventories	\$ 75,307
Pre-pays	113,401
Restricted	
Change and Imprest Funds	-
Federal/State Grants	1,246,390
Retirement of Long Term Debt	2,561,770
Committed Fund Balances	
Construction	-
Assigned Fund Balances	
Construction	-
Undesignated/Unassigned	-
Unassigned Fund Balance	3,221,696
Total Fund Balances	<u>\$ 7,218,564</u>

Y. PRIOR PERIOD ADJUSTMENT

None

Z. NEW ACCOUNTING PRONOUNCEMENTS

In March 2020, the GASB issued Statement No. 93 *Replacement of Interbank Offered Rates*. The objective of the Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods ending after December 31, 2021. Implementation of this standard has been extended until the reporting periods beginning after December 15, 2022. GASB 95 postponed the implementation by one year. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Z. NEW ACCCOUNTING PRONOUNCEMENTS

In April 2022, the GASB issued Statement No. 99 *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective as follows: related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges are effective upon issuance; related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022; and related to financial and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023. The District determined there was no impact upon its financial position, results of operations or cash flows upon adoption.

In June 2022, the GASB issued Statement No. 100 *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. The District determined there was no impact upon its financial position, results of operations or cash flows upon adoption.

In June 2022, the GASB issued Statement No. 101 *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

SAN DIEGO 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	\$ 3,692,236	\$ 3,692,236	\$ 3,528,547	\$ (163,689)
5800 State Program Revenues	11,640,221	11,640,221	12,839,662	1,199,441
5900 Federal Program Revenues	2,156,247	2,156,247	2,152,597	(3,650)
5020 Total Revenues	17,488,704	17,488,704	18,520,806	1,032,102
EXPENDITURES:				
Current:				
0011 Instruction	7,507,518	7,507,518	8,605,817	(1,098,299)
0012 Instructional Resources and Media Services	41,633	41,633	67,227	(25,594)
0021 Instructional Leadership	271,844	271,844	259,886	11,958
0023 School Leadership	911,202	911,202	899,844	11,358
0031 Guidance, Counseling, and Evaluation Services	356,170	356,170	362,049	(5,879)
0033 Health Services	148,656	148,656	137,907	10,749
0034 Student (Pupil) Transportation	581,000	581,000	609,546	(28,546)
0035 Food Services	1,883,983	1,883,983	1,621,781	262,202
0036 Extracurricular Activities	1,234,241	1,234,241	1,490,191	(255,950)
0041 General Administration	1,056,041	1,056,041	1,108,071	(52,030)
0051 Facilities Maintenance and Operations	2,496,946	2,496,946	2,421,130	75,816
0052 Security and Monitoring Services	202,550	202,550	211,168	(8,618)
0053 Data Processing Services	356,620	356,620	345,692	10,928
0061 Community Services	35,000	35,000	15,900	19,100
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	8,397	(8,397)
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	405,300	405,300	285,483	119,817
6030 Total Expenditures	17,488,704	17,488,704	18,450,089	(961,385)
1100 Excess of Revenues Over Expenditures	-	-	70,717	70,717
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	(723,304)	(723,304)
1200 Net Change in Fund Balances	-	-	(652,587)	(652,587)
0100 Fund Balance - July 1 (Beginning)	5,081,967	5,081,967	5,081,967	-
3000 Fund Balance - June 30 (Ending)	\$ 5,081,967	\$ 5,081,967	\$ 4,429,380	\$ (652,587)

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BUDGETARY INFORMATION
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Budgetary Information

The Board of Trustees adopts an “appropriated budget” for the General Fund, Debt Service Fund and the National Breakfast and Lunch Program Fund, which is included in the Special Revenue Funds. The ESSER II Fund is a major program, but does not have an adopted budget.

The District is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds. The District compares the final amended budget to actual revenue and expenditures. The General Fund Budget is presented at Exhibit G-1 and the National Breakfast and Lunch Program and Debt Service Funds are presented at Exhibit J-2 and J-3, respectively.

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

1. Prior to June 20, the District prepares a budget for the next succeeding fiscal year beginning July1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days’ public notice of the meeting must be given.
3. 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 made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year’s budget. The District had no outstanding end-of-year encumbrances.

As of June 30, 2024, the general fund had function overages of 11-\$1,093,437, 12 - \$25,594, 31- \$5,879, 34 - \$28,546, 36 - \$255,950, 41 – \$52,030, 52- \$8,618, 81-\$8,397 and 8911 \$650,000 respectfully. The overage is expected to be covered by other functions within the general fund. Debt Service had overages of principal (71) - \$155,933.

SAN DIEGO 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)	0.009830529%	0.00917618%	0.009316298%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 6,752,625	\$ 5,447,662	\$ 2,372,531
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	7,766,288	6,500,484	3,081,482
Total	<u>\$ 14,518,913</u>	<u>\$ 11,948,146</u>	<u>\$ 5,454,013</u>
District's Covered Payroll	\$ 11,132,502	\$ 10,132,438	\$ 10,114,289
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	60.66%	53.76%	23.46%
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
0.00880033%	0.009065145%	0.007069038%	0.007119266%	0.007405988%	0.0081123%	0.0053305%
\$ 4,713,277	\$ 4,712,346	\$ 3,890,970	\$ 2,276,358	\$ 2,798,613	\$ 2,867,590	\$ 1,423,850
6,184,148	5,822,606	6,818,891	3,979,233	4,714,144	4,250,774	3,515,352
\$ 10,897,425	\$ 10,534,952	\$ 10,709,861	\$ 6,255,591	\$ 7,512,757	\$ 7,118,364	\$ 4,939,202
\$ 9,304,435	\$ 8,613,038	\$ 8,131,057	\$ 7,539,043	\$ 7,539,043	\$ 7,041,942	\$ 6,647,150
50.66%	54.71%	47.85%	30.03%	37.12%	40.72%	21.42%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

SAN DIEGO 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	\$ 505,210	\$ 481,841	\$ 400,218
Contribution in Relation to the Contractually Required Contribution	(505,210)	(481,841)	(400,218)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 11,421,601	\$ 10,864,200	\$ 10,131,726
Contributions as a Percentage of Covered Payroll	4.42%	4.44%	3.95%

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
\$ 394,981	\$ 359,736	\$ 317,255	\$ 238,722	\$ 223,260	\$ 233,025	\$ 242,928
(394,981)	(359,736)	(317,255)	(238,722)	(223,260)	(239,189)	(254,272)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,164)	\$ (11,344)
\$ 9,933,161	\$ 9,199,458	\$ 8,613,038	\$ 8,131,057	\$ 7,580,959	\$ 7,539,043	\$ 7,041,942
3.98%	3.91%	3.68%	2.94%	2.95%	3.09%	3.45%

SAN DIEGO 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	0.014921702%	0.01353275%	0.013817877%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 3,303,412	\$ 3,240,282	\$ 5,330,173
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	3,986,074	3,952,635	7,141,243
Total	<u>\$ 7,289,486</u>	<u>\$ 7,192,917</u>	<u>\$ 12,471,416</u>
District's Covered Payroll	\$ 11,132,502	\$ 10,132,438	\$ 10,114,289
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	29.67%	31.98%	52.70%
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	
0.013900564%		0.014594141%		0.011496729%		0.012475449%	
\$	5,284,232	\$	6,901,750	\$	5,740,422	\$	5,425,105
	7,100,741		9,170,879		6,570,130		5,803,697
\$	12,384,973	\$	16,072,629	\$	12,310,552	\$	11,228,802
\$	9,304,435	\$	8,613,038	\$	8,014,545	\$	7,580,959
	56.79%		80.13%		71.62%		71.56%
	4.99%		2.66%		1.57%		0.91%

SAN DIEGO 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	\$ 133,844	\$ 195,044	\$ 109,858
Contribution in Relation to the Contractually Required Contribution	(133,844)	(195,044)	(109,858)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 11,421,601	\$ 10,864,200	\$ 10,131,726
Contributions as a Percentage of Covered Payroll	1.17%	1.80%	1.08%

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
\$ 95,969	\$ 104,010	\$ 94,958	\$ 71,390
(95,969)	(104,010)	(94,958)	(71,390)
\$ -	\$ -	\$ -	\$ -
\$ 9,933,161	\$ 9,199,458	\$ 8,613,038	\$ 8,014,545
0.97%	1.13%	1.10%	0.89%

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

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

Changes in Assumptions.

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report.

- The discount rate changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023. This change increased the Total OPEB Liability.

COMBINING SCHEDULES

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	251 Career and Technical - Work Force
ASSETS					
1110	Cash and Cash Equivalents	\$ (354,573)	\$ 25,784	\$ (8,418)	\$ (27,631)
1240	Due from Other Governments	255,498	-	36,332	26,948
1260	Due from Other Funds	99,590	-	4,691	683
1000	Total Assets	<u>\$ 515</u>	<u>\$ 25,784</u>	<u>\$ 32,605</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ 515	\$ 547	\$ -	\$ -
2170	Due to Other Funds	-	-	-	-
2300	Unearned Revenue	-	25,237	32,605	-
2000	Total Liabilities	<u>515</u>	<u>25,784</u>	<u>32,605</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 515</u>	<u>\$ 25,784</u>	<u>\$ 32,605</u>	<u>\$ -</u>

255 ESEA II, A Training and Recruiting	265 Title IV, B Community Learning	266 ESSER I - Emergency Sch Relief Fund	270 ESEA V, B, 2 Rural & Low Income	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds
\$ (10,001)	\$ (47,924)	\$ -	\$ -	\$ (4,500)	\$ 32,560	\$ (136,982)	\$ (9,898)
3,530	-	-	-	4,500	-	49,688	-
6,471	47,924	-	-	-	26,313	109,055	9,998
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,873</u>	<u>\$ 21,761</u>	<u>\$ 100</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,589	\$ 100
-	-	-	-	-	-	-	-
-	-	-	-	-	58,873	20,172	-
-	-	-	-	-	58,873	21,761	100
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,873</u>	<u>\$ 21,761</u>	<u>\$ 100</u>

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

Data Control Codes		313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	352 SSA - 21st Century Comm. Learning	364 SSA - IDEA B Formula ARP Act
ASSETS					
1110	Cash and Cash Equivalents	\$ (100,966)	\$ (4,712)	\$ (102,923)	\$ -
1240	Due from Other Governments	168,855	4,712	279,889	-
1260	Due from Other Funds	26,754	-	-	-
1000	Total Assets	<u>\$ 94,643</u>	<u>\$ -</u>	<u>\$ 176,966</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ 91,792	\$ -	\$ 176,966	\$ -
2170	Due to Other Funds	2,851	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>94,643</u>	<u>-</u>	<u>176,966</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 94,643</u>	<u>\$ -</u>	<u>\$ 176,966</u>	<u>\$ -</u>

365 SSA - IDEA B Preschool ARP Act	410 State Instructional Materials	429 Other State Special Revenue Funds	437 SSA Special Education	481 TWC Jet Fund	Total Nonmajor Governmental Funds
\$ -	\$ 127,864	\$ (5,383)	\$ 40,114	\$ (34,230)	\$ (621,819)
-	-	16,839	110,633	34,230	991,654
-	-	-	-	-	331,479
<u>\$ -</u>	<u>\$ 127,864</u>	<u>\$ 11,456</u>	<u>\$ 150,747</u>	<u>\$ -</u>	<u>\$ 701,314</u>
\$ -	\$ -	\$ -	\$ 1,928	\$ -	\$ 273,437
-	-	10,756	-	-	13,607
-	-	700	49,269	-	186,856
-	-	11,456	51,197	-	473,900
-	127,864	-	99,550	-	227,414
-	127,864	-	99,550	-	227,414
<u>\$ -</u>	<u>\$ 127,864</u>	<u>\$ 11,456</u>	<u>\$ 150,747</u>	<u>\$ -</u>	<u>\$ 701,314</u>

SAN DIEGO 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	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	251 Career and Technical - Work Force
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	1,006,347	27,227	17,402	16,557
5020 Total Revenues	1,006,347	27,227	17,402	16,557
EXPENDITURES:				
Current:				
0011 Instruction	494,167	-	17,402	16,557
0012 Instructional Resources and Media Services	55,936	-	-	-
0013 Curriculum and Instructional Staff Development	52,035	-	-	-
0021 Instructional Leadership	330,284	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	64,888	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	27,227	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	9,037	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	1,006,347	27,227	17,402	16,557
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

255 ESEA II, A Training and Recruiting	265 Title IV, B Community Learning	266 ESSER I - Emergency Sch Relief Fund	270 ESEA V, B, 2 Rural & Low Income	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-	-
181,223	32,883	47,290	27,377	425,376	377,180	804,984	62,739
181,223	32,883	47,290	27,377	425,376	377,180	804,984	62,739
181,223	26,482	-	27,377	423,052	302,111	460,392	62,739
-	-	-	-	-	-	-	-
-	-	-	-	-	3,644	10,000	-
-	6,401	-	-	2,324	-	52,023	-
-	-	-	-	-	-	56,995	-
-	-	-	-	-	-	-	-
-	-	-	-	-	13,121	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,832	-
-	-	47,290	-	-	-	4,117	-
-	-	-	-	-	40,313	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	17,991	215,625	-
-	-	-	-	-	-	-	-
181,223	32,883	47,290	27,377	425,376	377,180	804,984	62,739
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

SAN DIEGO 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	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	352 SSA - 21st Century Comm. Learning	364 SSA - IDEA B Formula ARP Act
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	246,519	11,267	998,263	67,188
5020 Total Revenues	246,519	11,267	998,263	67,188
EXPENDITURES:				
Current:				
0011 Instruction	56,143	734	239,466	61,219
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	116,343	-	-	-
0021 Instructional Leadership	1,887	-	308,751	2,218
0031 Guidance, Counseling, and Evaluation Services	25,872	10,533	-	3,751
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	18,010	-
0035 Food Services	-	-	-	-
0041 General Administration	-	-	39,385	-
0051 Facilities Maintenance and Operations	-	-	-	-
0053 Data Processing Services	-	-	2,551	-
0061 Community Services	-	-	9,086	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	46,274	-	381,014	-
6030 Total Expenditures	246,519	11,267	998,263	67,188
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

365 SSA - IDEA B Preschool ARP Act	410 State Instructional Materials	429 Other State Special Revenue Funds	437 SSA Special Education	481 TWC Jet Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 455,139	\$ 27,455	\$ 482,594
-	201,928	212,292	30,140	2,287	446,647
4,223	-	-	-	-	4,354,045
4,223	201,928	212,292	485,279	29,742	5,283,286
4,223	74,064	15,924	249	-	2,463,524
-	-	-	-	-	55,936
-	-	-	4,223	-	186,245
-	-	41,034	162,604	-	907,526
-	-	-	275,449	-	372,600
-	-	-	-	29,742	29,742
-	-	-	40,300	-	118,309
-	-	-	-	-	18,010
-	-	-	-	-	27,227
-	-	-	-	-	45,217
-	-	155,334	2,454	-	209,195
-	-	-	-	-	42,864
-	-	-	-	-	18,123
-	-	-	-	-	233,616
-	-	-	-	-	427,288
4,223	74,064	212,292	485,279	29,742	5,155,422
-	127,864	-	-	-	127,864
-	-	-	99,550	-	99,550
\$ -	\$ 127,864	\$ -	\$ 99,550	\$ -	\$ 227,414

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED TEA SCHEDULES

SAN DIEGO 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	\$ 1.040000	\$ 0.477100	\$ 137,938,384
2016	1.040000	0.427600	183,127,662
2017	1.040000	0.417200	193,182,904
2018	1.040000	0.406810	187,380,706
2019	1.040000	0.343660	205,289,357
2020	0.970000	0.373800	251,562,739
2021	0.874700	0.407920	338,890,688
2022	0.874700	0.407900	362,610,545
2023	0.846000	0.430200	419,520,890
2024 (School year under audit)	0.738000	0.500000	398,210,835
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
\$	1,120,637	\$ -	\$ 19,410	\$ 8,904	\$ (72,350)	\$ 1,019,973	
	107,898	-	4,858	1,998	(598)	100,444	
	159,539	-	6,994	2,805	(1,284)	148,456	
	169,685	-	7,865	3,077	(1,306)	157,437	
	200,794	-	10,322	3,411	(1,713)	185,348	
	230,413	-	12,776	4,923	(5,549)	207,165	
	219,532	-	11,287	5,264	(6,224)	196,757	
	259,628	-	15,548	7,251	(14,730)	222,099	
	563,471	-	56,522	28,453	(55,222)	423,274	
	-	4,904,409	2,615,214	1,771,826	-	517,369	
\$	3,031,597	\$ 4,904,409	\$ 2,760,796	\$ 1,837,912	\$ (158,976)	\$ 3,178,322	

\$ -

SAN DIEGO 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	\$ 84,736	\$ 84,736	\$ 148,489	\$ 63,753
5800 State Program Revenues	8,000	8,000	9,115	1,115
5900 Federal Program Revenues	1,856,247	1,856,247	1,985,496	129,249
5020 Total Revenues	1,948,983	1,948,983	2,143,100	194,117
EXPENDITURES:				
Current:				
0035 Food Services	1,883,983	1,883,983	1,621,781	262,202
0051 Facilities Maintenance and Operations	65,000	65,000	14,869	50,131
6030 Total Expenditures	1,948,983	1,948,983	1,636,650	312,333
1200 Net Change in Fund Balances	-	-	506,450	506,450
0100 Fund Balance - July 1 (Beginning)	1,421,149	1,421,149	1,421,149	-
3000 Fund Balance - June 30 (Ending)	\$ 1,421,149	\$ 1,421,149	\$ 1,927,599	\$ 506,450

SAN DIEGO 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	\$ 1,600,000	\$ 1,600,000	\$ 1,974,717	\$ 374,717
5800 State Program Revenues	522,536	522,536	32,479	(490,057)
5020 Total Revenues	2,122,536	2,122,536	2,007,196	(115,340)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	1,160,000	1,160,000	1,315,933	(155,933)
0072 Interest on Long-Term Liabilities	957,536	957,536	957,536	-
0073 Bond Issuance Cost and Fees	5,000	5,000	3,507	1,493
6030 Total Expenditures	2,122,536	2,122,536	2,276,976	(154,440)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(269,780)	(269,780)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	32,479	32,479
8911 Transfers Out (Use)	-	-	(32,479)	(32,479)
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balances	-	-	(269,780)	(269,780)
0100 Fund Balance - July 1 (Beginning)	2,831,550	2,831,550	2,831,550	-
3000 Fund Balance - June 30 (Ending)	\$ 2,831,550	\$ 2,831,550	\$ 2,561,770	\$ (269,780)

SAN DIEGO 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?	No
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	2028873
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	1116445

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	No
AP6	Does the district have written policies and procedures for its bilingual education program?	No
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	8212
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	7406

FEDERAL AWARDS SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



**ERNEST R. GARZA
AND COMPANY, P.C.**
Certified Public Accountants

10201 Leopard #A
Corpus Christi, Texas 78410
Bus. (361) 241-2452
Fax No. (361) 242-1525
Toll Free 1-800-241-1272

MEMBER

American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

6102 Ayers St. #106
Corpus Christi, Texas 78415
Bus. (361) 723-0685
Fax (361) 723-0689

**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***

San Diego Independent School District
609 Labbe
San Diego, Texas 78384

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 San Diego Independent School District as of and for the year ending 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 October 25, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the district's internal control.

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

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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Ernest R. Garza and Company, P.C. CPA's
Corpus Christi, Texas
October 25, 2024

A handwritten signature in dark ink, appearing to read "ER Garza PC", is written over a faint, larger signature that appears to be "Ernest R. Garza".



**ERNEST R. GARZA
AND COMPANY, P.C.**
Certified Public Accountants

10201 Leopard #A
Corpus Christi, Texas 78410
Bus. (361) 241-2452
Fax No. (361) 242-1525
Toll Free 1-800-241-1272

MEMBER
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

6102 Ayers St. #106
Corpus Christi, Texas 78415
Bus. (361) 723-0685
Fax (361) 723-0689

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

October 25, 2024

San Diego Independent School District
609 Labbe
San Diego, Texas 78384

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Diego Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of San Diego Independent School District's major federal programs for the year ending June 30, 2024. San Diego Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 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.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 GAAS, *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 District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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.

Ernest R. Garza and Company, P.C. CPA's
Corpus Christi, Texas
October 25, 2024

A handwritten signature in black ink, appearing to read "Ernest R. Garza", is written over a horizontal line.

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Other Federally Funded Special Revenue Funds	84.424A	23 -680101066902	\$ 125
Other Federally Funded Special Revenue Funds	84.424A	24-680101066902	62,614
Total Assistance Listing Number 84.424			62,739
Total Direct Programs			62,739
TOTAL U.S. DEPARTMENT OF EDUCATION			62,739
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23 - 610101066902	139,728
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24 - 610101066902	866,619
Total Assistance Listing Number 84.010			1,006,347
*SSA - IDEA - Part B, Formula	84.027	23 -660001066902660	96
*SSA - IDEA - Part B, Formula	84.027	24 -660001066902660	243,572
*SSA - IDEA - Part B, Formula	84.027	25 -660001066902660	2,851
*COVID 19 -SSA - IDEA,B,Formula - ARP	84.027X	22 -6600010669026600	67,188
Total Assistance Listing Number 84.027			313,707
Total Special Education Cluster (IDEA)			329,197
Career and Technical - Basic Grant	84.048	23 -420006066902	5,178
Career and Technical - Basic Grant	84.048	24 -420006066902	12,224
Career and Technical - Quality Work Force	84.048A	22 -420006066902	16,557
Total Assistance Listing Number 84.048			33,959
*SSA - IDEA - Part B, Preschool	84.173	24 -6610010669026610	11,267
*COVID 19 -SSA - IDEA,B,Preschool - ARP	84.173X	22 -66100106690266	4,223
Total Assistance Listing Number 84.173			15,490
Total Special Education Cluster (IDEA)			329,197
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	23-695033711026	32,883
SSA - 21st Century Community Learning Centers	84.287	24-695033711026	1,046,570
Total Assistance Listing Number 84.287			1,079,453
ESEA, Title V, Part B,2 - Rural & Low Income Prog.	84.358A	24-6960010066902	27,377
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23-694501066902	85,803
ESEA, Title II, Part A, Teacher Principal Training	84.367A	24-694501066902	95,421
Total Assistance Listing Number 84.367			181,224
COVID 19 - ESSER I - School Emergency Relief Fd	84.425D	24-521001066902	47,290
COVID 19 - ESSER II - School Emergency Relief	84.425D	24-521001066902	377,180
COVID 19 - ESSER III - School Emergency Relief	84.425D	22-521001066902	158,145
COVID 19 - ESSER III - School Emergency Relief	84.425D	24-521001066902	646,839
COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425U	22-521001066902	425,376
Total Assistance Listing Number 84.425			1,654,830
Total Passed Through Texas Education Agency			4,312,387
TOTAL U.S. DEPARTMENT OF EDUCATION			4,312,387
U.S. DEPARTMENT OF AGRICULTURE			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553		482,181
*National School Lunch Program - Cash Assistance	10.555		932,139
*National School Lunch Prog. - Non-Cash Assistance	10.555		8,593
Total Assistance Listing Number 10.555			<u>940,732</u>
Total Child Nutrition Cluster			<u>1,422,913</u>
Child & Adult Care Food Program - Cash Assistance	10.558		589,812
Total Passed Through the Texas Department of Agriculture			<u>2,012,725</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,012,725</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,387,851</u>
*Clustered Programs			

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE YEAR ENDING JUNE 30, 2024

For all Federal programs, the District uses the fund types specified in Texas Education Agency's *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. Generally, unused balances are returned to the grantor at the close of specified project periods.

- * The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases 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 General 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.

- * The District must submit to the pass-through entity, no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and the District) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested and justified by the non-Federal entity, as applicable (2 CFR 200.344(a)).

Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the end date of the performance as specified in the terms and conditions of the Federal award (2 CFR 200.344(b)).

- * CFDA numbers for commodity assistance are the CFDA numbers of the programs under which USDA donated the commodities.

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of the District. The District's reporting entity is defined in Note I of the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

None of the federal programs expended by the District were provided to sub-recipients.

The District did not elect to apply the 10% de minimis indirect cost rate as described at 2 CFR §200.414(f) – Indirect (F&A) costs.

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

None

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

I. Summary of the Auditor's Results:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness (es) identified?	____. Yes	<u> X </u> . No
Significant deficiencies identified not considered being material weaknesses?	____. Yes	<u> X </u> . No
Noncompliance material to financial statements noted?	____. Yes	<u> X </u> . No

Federal Awards:

Internal Control over major programs:		
Material weakness (es) identified?	____. Yes	<u> X </u> . No
Significant deficiencies identified not considered to be material weaknesses?	____. Yes	<u> X </u> . No
Noncompliance material to financial statements noted?	____. Yes	<u> X </u> . No

An unmodified opinion was issued regarding compliance and internal controls.

An unmodified opinion was issued regarding compliance for the major award programs.

The audit disclosed no audit findings that are required to be reported in this schedule under the Uniform Guidance.

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) _____. Yes X . No

Major programs:

ESEA, Title I, Part A – Improving Basic Programs, ALN 84.010

SSA- 21st Century Community Learning Centers ALN 84.287

Elementary and Secondary School Emergency Relief Fund ALN 84.425D

ARP-Elementary and Secondary School Emergency Relief Fund ALN 84.425U

Child Nutrition Cluster ALN 10.553, 10.555.

The threshold used to distinguish between Type A and Type B federal programs was \$750,000.

The district was not classified as a low risk auditee in context of the Uniform Guidance

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described Above

None
106

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

None

SCHOOLS FIRST QUESTIONNAIRE

EXHIBIT L-1

SAN DIEGO 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