

SANTA ANNA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2018

Introductory Section

Santa Anna Independent School District
Annual Financial Report
For The Year Ended August 31, 2018

TABLE OF CONTENTS

	Page	Exhibit
INTRODUCTORY SECTION		
Certificate of Board.....	1	
FINANCIAL SECTION		
Independent Auditor's Report.....	2	
Management's Discussion and Analysis (Required Supplementary Information).....	5	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	12	A-1
Statement of Activities.....	13	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	14	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	15	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	16	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	17	C-3
Statement of Net Position - Internal Service Fund.....	18	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Position - Internal Service Fund.....	19	D-2
Statement of Cash Flows - Proprietary Funds.....	20	D-3
Statement of Fiduciary Net Position - Fiduciary Funds.....	21	E-1
Notes to the Financial Statements	22	
<u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	45	G-1
Schedule of the District's Proportionate Share of the		
Net Pension Liability - Teacher Retirement System Of Texas.....	47	G-2
Schedule of District's Contributions - Teacher Retirement System Of Texas.....	48	G-3
Schedule of the District's Proportionate Share of the		
Net OPEB Liability - OPEB Plan.....	49	G-4
Schedule of District's Contributions - OPEB Plan.....	50	G-5
Notes to Required Supplementary Information.....	51	

Santa Anna Independent School District
Annual Financial Report
For The Year Ended August 31, 2018

TABLE OF CONTENTS

	Page	Exhibit
<u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	52	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Nonmajor Governmental Funds.....	53	H-2
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	54	H-3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	56	H-4
 OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	58	J-1
Budgetary Comparison Schedules Required by the Texas Education Agency:		
National School Breakfast and Lunch Program.....	60	J-2
Debt Service Fund.....	61	J-3
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>	62	
Schedule of Findings and Questioned Costs	64	
Summary Schedule of Prior Audit Findings.....	65	
Corrective Action Plan.....	66	
Schedule of Required Responses to Selected School First Indicators.....	67	K-1

CERTIFICATE OF BOARD


Santa Anna Independent School District
Name of School District

Coleman
County

042-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2018, at a meeting of the board of trustees of such school district on the 14th day of January, 2019.


Signature of Board Secretary


Signature of Board President

Financial Section

BURL D. LOWERY
CERTIFIED PUBLIC ACCOUNTANT
Member A.I.C.P.A. & T.S.C.P.A.
Post Office Box 626
311 Center
Brownwood, Texas 76804

BURL D. LOWERY, C.P.A.
JOYCE CORNELIUS, C.P.A.

Telephone 325-646-8838
Fax 325-643-2157

Independent Auditor's Report

To the Board of Trustees
Santa Anna Independent School District
701 Bowie Street
Santa Anna, Texas 76878

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Santa Anna Independent School District ("the District") as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my 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 Santa Anna Independent School District as of August 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Santa Anna Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated January 11, 2019 on my consideration of Santa Anna Independent School District's internal control over financial reporting and on my 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 my 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 Santa Anna Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

Brownwood, TX
January 11, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Santa Anna Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2018. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net assets were \$6,173,460 at August 31, 2018.
- During the year, the District's expenses were \$253,226, less than the \$2,786,093 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs decreased by \$790,961 and its revenues decreased by \$804,968 during the current year.
- The general fund reported a fund balance this year of \$4,884,172.
- The District borrowed funds during the current year amounting to \$308,300 to purchase four manufactured home to be used as rental property for school district employees.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as food service.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others, to whom the resources in question belong.

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

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets 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 information about the District's net assets and how they have changed. Net assets-the difference between the District's assets and liabilities- is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health improving or deteriorating, respectively.
- To assess the overall health of the District, one needs 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.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*-not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

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

The District has the following kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash* and *other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*-Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The District has no Proprietary Fund Types.
- We use *internal service funds* to report activities that provided workers compensation insurance for the District's employees.
- *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We excluded these activities from the District's government-wide financial statements because the District cannot use

these assets to finance its operations. These funds consist of student activity funds and belong to clubs and organizations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were \$6,173,460 at August 31, 2018 and \$7,356,079 at August 31, 2017.

The District has restricted net assets of \$74,870, which are restricted to future bond payments and state and federal programs which leaves \$3,187,280 of unrestricted net assets at August 31, 2018. The \$3,187,280 of unrestricted net assets represents funds available for future uses.

Changes in net assets. The District's total revenues were \$2,786,093. A significant portion, 37.34%, of the District's revenue comes from taxes. 66% comes from state available and foundation grants, while only 1.17% relates to charges for services. The District had negative operating grants and contributions amounting to \$(214,197) which is due to the implementation of GASB 75 Other Post-Employment Benefits. The actual operating grants revenues amounted to \$554,456.

The total cost of all programs and services was \$2,532,867; 70% of these costs are for instruction and instructional related services. (Expenditure Functions 11 and 12).

Governmental Activities

- Property tax rates decreased slightly during the current year. The taxable values increased slightly which generated tax revenues of \$1,040,399.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types in the individual funds totaled \$2,786,093, a decrease of 22% over the preceding year. The decrease in local revenues is a result of the implementation of GASB 75 which had a negative on-behalf accruals of \$(805,405).

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$183,211 below final budget amounts of the General Fund.

On the other hand, resources available were \$106,805 more than the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the District had invested \$10,116,220 in a broad range of capital assets, including land, equipment buildings, and vehicles.

The District's fiscal year 2018-2019 budget does not include any major capital projects. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$995,000 outstanding long-term debt in bonds, \$306,406 in loans payable, net pension liability of \$492,114, and net OPEB liability of \$1,024,296. More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2018-2019 budget preparation is slightly higher than the 2017-2018 tax roll. Tax revenue is expected to be approximately the same in 2018-2019.
- General operating fund spending decreases in the 2018-2019 budget from \$3,234,251 to \$3,125,508. This is a decrease of 3.36%.
- The District's 2018-2019 refined average daily attendance is expected to be approximately the same as 2017-2018.

These indicators were taken into account when adopting the general fund budget for 2018-2019. Amounts available for appropriation in the general fund budget are \$3,125,508, a decrease of 3.36% over the final 2017-2018 budget of \$3,234,251. Property taxes should stay approximately same. State revenue will increase or decrease as the student population changes in size. The District will use these increases in revenues to finance programs currently offered.

General fund expenditures are budgeted to decrease by approximately 3.36% as disclosed above. The District has added no major new programs or initiatives to the 2018-2019 budget.

If these estimates are realized, the District's budgetary general fund balance is not expected to materially change at the close of the 2018-2019 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Department.

+

**SANTA ANNA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - TABLES
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

TABLE 1

	Governmental Activities	
	2018	2017
Current Assets:		
Cash and cash equivalents	\$5,076,642	\$4,682,673
Due from other governments	\$29,140	\$163,602
Property taxes receivable net of uncollectible	\$63,333	\$62,700
Other receivables	\$10,433	\$42,653
Unrealized expenditures	\$0	\$0
Total Current Assets	\$5,179,548	\$4,951,628
Noncurrent Assets:		
Land	\$62,531	\$62,531
Buildings	\$9,255,604	\$8,865,520
Equipment and vehicles	\$798,085	\$788,085
Construction in progress	\$0	\$0
	<u>\$10,116,220</u>	<u>\$9,716,136</u>
Less accumulated depreciation	<u>\$5,834,611</u>	<u>\$5,685,088</u>
Total Noncurrent Assets	\$4,281,609	\$4,031,048
Total Assets	\$9,461,157	\$8,982,676
Deferred Outflows of Resource	\$253,197	\$297,411
Current Liabilities:		
Accounts payable and accrued expenses	\$116,450	\$190,404
Due to other governments	\$0	\$0
Unearned revenue	\$34,007	\$0
Total Current Liabilities	\$150,457	\$190,404
Long-term Liabilities:		
Bonds payable	\$995,000	\$1,055,000
Unamortized premium on bonds	\$68,893	\$73,813
Loans payable	\$306,406	\$0
Net pension liability	\$492,114	\$568,460
Net OPEB liability	\$1,024,296	\$0
Total Long-term Liabilities	\$2,886,709	\$1,697,273
Total Liabilities	\$3,037,166	\$1,887,677
Deferred Inflows of Resources	\$503,728	\$36,241
Net Position:		
Invested in capital assets	\$2,911,310	\$2,976,048
Restricted for state and federal programs	\$18,501	\$39,683
Restricted for debt service	\$56,369	\$53,825
Unrestricted	\$3,187,280	\$4,286,523
Total Net Position	\$6,173,460	\$7,356,079

**SANTA ANNA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES
TABLE 2**

CHANGES IN NET ASSETS

	Governmental Activities	
	2018	2017
Program Revenues:		
Charges for services	\$32,540	\$15,365
Operating grants and contributions	(\$214,197)	\$431,703
Capital grants and contributions	\$0	\$0
General Revenues:		
Property taxes	\$1,040,399	\$981,261
State aid	\$1,849,339	\$2,084,395
Investment earnings	\$25,088	\$21,190
Other revenues	\$52,924	\$57,147
Total Revenues	\$2,786,093	\$3,591,061
Expenditures:		
Instruction	\$1,249,279	\$1,652,483
Instructional resources and media services	\$22,034	\$32,473
Curriculum and staff development	\$46,833	\$48,852
Instructional leadership	\$0	\$0
School leadership	\$128,995	\$229,940
Guidance and counseling services	\$29,668	\$55,830
Social work services	\$0	\$0
Health services	\$13,597	\$33,085
Student transportation	\$74,850	\$91,630
Food services	\$170,313	\$195,264
Cocurricular/Extracurricular activities	\$106,014	\$132,018
General administration	\$174,076	\$240,714
Plant maintenance & operation	\$287,195	\$333,487
Security and monitoring services	\$2,766	\$22,401
Data processing services	\$58,798	\$99,684
Community services	\$0	\$0
Debt services	\$30,289	\$30,862
Payments to fiscal agent/member districts SSA	\$101,620	\$87,918
Other intergovernmental charges	\$36,540	\$37,187
Total Expenditures	\$2,532,867	\$3,323,828
Excess (Deficiency) Before Other Resources, Uses, and Transfers	\$253,226	\$267,233
Other Resources (Uses)		
Extraordinary items - net	\$0	\$0
Increase (Decrease) in Net Assets	\$253,226	\$267,233
Net Position - Beginning	\$7,356,079	\$7,118,916
Prior period adjustments	(\$1,435,845)	(\$30,070)
Net Position - Ending	\$6,173,460	\$7,356,079

**SANTA ANNA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES
TABLE 3**

CAPITAL ASSETS

	Governmental Activities	
	2018	2017
Land	\$62,531	\$62,531
Buildings and improvements	\$9,255,604	\$8,865,520
Equipment and vehicles	\$798,085	\$788,085
Total Capital Assets	\$10,116,220	\$9,716,136
Total Accumulated Depreciation	\$5,834,611	\$5,685,087
Net Capital Assets	\$4,281,609	\$4,031,049

TABLE 4

LONG-TERM DEBT

	Governmental Activities	
	2018	2017
Bonds payable	\$995,000	\$1,055,000
Accumulated accretion on capital appreciation bonds	\$0	\$0
Unamortized bond premiums	\$68,893	\$73,813
Loans payable	\$306,406	\$0
Net pension liability	\$492,114	\$568,460
Net OPEB liability	\$1,024,296	\$0
Total Long-term Debt	\$2,886,709	\$1,697,273

Basic Financial Statements

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2018

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 5,076,642
1225	<i>Property Taxes Receivable (Net)</i>	63,333
1240	<i>Due from Other Governments</i>	29,140
1290	<i>Other Receivables (Net)</i>	10,433
Capital Assets:		
1510	<i>Land</i>	62,531
1520	<i>Buildings and Improvements, Net</i>	4,149,089
1530	<i>Furniture and Equipment, Net</i>	69,989
1000	Total Assets	<u>9,461,157</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	<i>Deferred Outflow Related to Pensions</i>	236,155
	<i>Deferred Outflow Related to OPEB</i>	17,042
1700	Total Deferred Outflows of Resources	<u>253,197</u>
LIABILITIES:		
2110	<i>Accounts Payable</i>	9,324
2165	<i>Accrued Liabilities</i>	107,126
2300	<i>Unearned Revenue</i>	34,007
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	71,733
2502	<i>Due in More Than One Year</i>	1,298,566
2540	<i>Net Pension Liability</i>	492,114
2545	<i>Net OPEB Liability</i>	1,024,296
2000	Total Liabilities	<u>3,037,166</u>
DEFERRED INFLOWS OF RESOURCES:		
	<i>Deferred Inflow Related to Pensions</i>	75,263
	<i>Deferred Inflow Related to OPEB</i>	428,465
2600	Total Deferred Inflows of Resources	<u>503,728</u>
NET POSITION:		
3200	Net Investment in Capital Assets	2,911,310
Restricted For:		
3820	State and Federal Programs	18,501
3850	Debt Service	56,369
3900	Unrestricted	3,187,280
3000	Total Net Position	<u>\$ 6,173,460</u>

The accompanying notes are an integral part of this statement.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 1,249,279	\$ --	\$ (56,038)	\$ (1,305,317)
12	Instructional Resources and Media Services	22,034	--	(9,844)	(31,878)
13	Curriculum and Staff Development	46,833	--	--	(46,833)
23	School Leadership	128,995	--	(82,749)	(211,744)
31	Guidance, Counseling, & Evaluation Services	29,668	--	(23,196)	(52,864)
33	Health Services	13,597	--	(7,601)	(21,198)
34	Student Transportation	74,850	--	(19,038)	(93,888)
35	Food Service	170,313	21,683	113,561	(35,069)
36	Cocurricular/Extracurricular Activities	106,014	9,234	(23,848)	(120,628)
41	General Administration	174,076	--	(63,401)	(237,477)
51	Facilities Maintenance and Operations	287,195	1,623	(42,504)	(328,076)
52	Security and Monitoring Services	2,766	--	--	(2,766)
53	Data Processing Services	58,798	--	(33,291)	(92,089)
72	Interest on Long-term Debt	29,939	--	33,752	3,813
73	Bond Issuance Costs and Fees	350	--	--	(350)
93	Payments Related to Shared Services Arrangements	101,620	--	--	(101,620)
99	Other Intergovernmental Charges	36,540	--	--	(36,540)
TG	Total Governmental Activities	<u>2,532,867</u>	<u>32,540</u>	<u>(214,197)</u>	<u>(2,714,524)</u>
TP	Total Primary Government	<u>\$ 2,532,867</u>	<u>\$ 32,540</u>	<u>\$ (214,197)</u>	<u>(2,714,524)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				976,798
DT	Property Taxes, Levied for Debt Service				63,601
IE	Investment Earnings				25,088
GC	Grants and Contributions Not Restricted to Specific Programs				1,849,339
MI	Miscellaneous				52,924
TR	Total General Revenues				<u>2,967,750</u>
CN	Change in Net Position				<u>253,226</u>
NB	Net Position - Beginning				7,356,079
PA	Prior Period Adjustment				(1,435,845)
	Net Position - Beginning, as Restated				<u>5,920,234</u>
NE	Net Position - Ending				<u>\$ 6,173,460</u>

The accompanying notes are an integral part of this statement.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:			
1110	\$ 5,011,320	\$ 65,312	\$ 5,076,632
1225	59,092	4,241	63,333
1240	205	28,935	29,140
1290	9,796	637	10,433
1000	<u>5,080,413</u>	<u>99,125</u>	<u>5,179,538</u>
LIABILITIES:			
Current Liabilities:			
2160	\$ 85,358	\$ 18,725	\$ 104,083
2170	16,030	--	16,030
2200	1,754	1,289	3,043
2300	34,007	--	34,007
2000	<u>137,149</u>	<u>20,014</u>	<u>157,163</u>
DEFERRED INFLOWS OF RESOURCES:			
	59,092	4,241	63,333
2600	<u>59,092</u>	<u>4,241</u>	<u>63,333</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450	--	18,501	18,501
3480	--	56,369	56,369
Committed Fund Balances:			
3510	2,550,000	--	2,550,000
3600	2,334,172	--	2,334,172
3000	<u>4,884,172</u>	<u>74,870</u>	<u>4,959,042</u>
4000	<u>\$ 5,080,413</u>	<u>\$ 99,125</u>	<u>\$ 5,179,538</u>

The accompanying notes are an integral part of this statement.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2018

Total fund balances - governmental funds balance sheet	\$ 4,959,042
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	4,281,609
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	63,333
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	6,716
Payables for bond principal which are not due in the current period are not reported in the funds.	(995,000)
Payables for notes which are not due in the current period are not reported in the funds.	(306,406)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(492,114)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(75,263)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	236,155
Bond premiums are amortized in the SNA but not in the funds.	(68,893)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(1,024,296)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(428,465)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>17,042</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 6,173,460</u>

The accompanying notes are an integral part of this statement.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 1,064,858	\$ 85,460	\$ 1,150,318
5800 <i>State Program Revenues</i>	1,968,098	44,031	2,012,129
5900 <i>Federal Program Revenues</i>	--	448,707	448,707
5020 Total Revenues	<u>3,032,956</u>	<u>578,198</u>	<u>3,611,154</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	1,283,569	305,649	1,589,218
0012 <i>Instructional Resources and Media Services</i>	31,825	--	31,825
0013 <i>Curriculum and Staff Development</i>	43,871	--	43,871
0023 <i>School Leadership</i>	214,854	--	214,854
0031 <i>Guidance, Counseling, & Evaluation Services</i>	54,158	--	54,158
0033 <i>Health Services</i>	21,385	--	21,385
0034 <i>Student Transportation</i>	91,713	--	91,713
0035 <i>Food Service</i>	5,829	187,152	192,981
0036 <i>Cocurricular/Extracurricular Activities</i>	125,743	--	125,743
0041 <i>General Administration</i>	234,305	3,347	237,652
0051 <i>Facilities Maintenance and Operations</i>	317,329	--	317,329
0052 <i>Security and Monitoring Services</i>	2,591	--	2,591
0053 <i>Data Processing Services</i>	93,506	6,029	99,535
0071 <i>Principal on Long-term Debt</i>	1,894	60,000	61,894
0072 <i>Interest on Long-term Debt</i>	224	34,635	34,859
0073 <i>Bond Issuance Costs and Fees</i>	--	350	350
0081 <i>Capital Outlay</i>	390,084	--	390,084
0093 <i>Payments to Shared Service Arrangements</i>	101,620	--	101,620
0099 <i>Other Intergovernmental Charges</i>	36,540	--	36,540
6030 Total Expenditures	<u>3,051,040</u>	<u>597,162</u>	<u>3,648,202</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18,084)</u>	<u>(18,964)</u>	<u>(37,048)</u>
Other Financing Sources and (Uses):			
7914 <i>Issuance of Non-Current Debt</i>	308,300	--	308,300
7080 Total Other Financing Sources and (Uses)	<u>308,300</u>	<u>--</u>	<u>308,300</u>
1200 Net Change in Fund Balances	<u>290,216</u>	<u>(18,964)</u>	<u>271,252</u>
0100 Fund Balances - Beginning	<u>4,593,956</u>	<u>93,834</u>	<u>4,687,790</u>
3000 Fund Balances - Ending	<u>\$ 4,884,172</u>	<u>\$ 74,870</u>	<u>\$ 4,959,042</u>

The accompanying notes are an integral part of this statement.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2018*

Net change in fund balances - total governmental funds	\$ 271,252
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	400,084
The depreciation of capital assets used in governmental activities is not reported in the funds.	(149,524)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	633
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	60,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	1,894
The net revenue (expense) of internal service funds is reported with governmental activities.	(452)
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(308,300)
Bond premiums are reported in the funds but not in the SOA.	4,920
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(27,407)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	126
	<hr/>
Change in net position of governmental activities - Statement of Activities	\$ <u>253,226</u>

The accompanying notes are an integral part of this statement.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
AUGUST 31, 2018

Data Control Codes		Nonmajor Internal Service Fund	Insurance Fund
	ASSETS:		
	Current Assets:		
1110	<i>Cash and Cash Equivalents</i>	\$ 10	
	Receivables:		
1260	<i>Due from Other Funds</i>		16,030
	Total Current Assets		<u>16,040</u>
1000	Total Assets		<u>16,040</u>
	LIABILITIES:		
	Current Liabilities:		
2110	<i>Accounts Payable</i>	\$ 9,324	
	Total Current Liabilities		<u>9,324</u>
2000	Total Liabilities		<u>9,324</u>
	NET POSITION:		
3900	<i>Unrestricted</i>		6,716
3000	Total Net Position		<u>\$ 6,716</u>

The accompanying notes are an integral part of this statement.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Nonmajor Internal Service Fund	Insurance Fund
	OPERATING REVENUES:		
5700	<i>Local and Intermediate Sources</i>	\$ 12,422	
5020	Total Revenues	<u>12,422</u>	
	OPERATING EXPENSES:		
6100	<i>Payroll Costs</i>		12,874
6030	Total Expenses		<u>12,874</u>
1300	Change in Net Position		(452)
0100	Total Net Position - Beginning		7,168
3300	Total Net Position - Ending	<u>\$ 6,716</u>	

The accompanying notes are an integral part of this statement.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Internal Service Funds
Cash Flows from Operating Activities:	
<i>Cash Received from Customers</i>	\$ --
<i>Cash Received from Grants</i>	--
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	12,422
<i>Cash Payments to Employees for Services</i>	--
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(12,422)
<i>Cash Payments for Grants to Other Organizations</i>	--
<i>Other Operating Cash Receipts (Payments)</i>	--
Net Cash Provided (Used) by Operating Activities	<u> --</u>
Cash Flows from Non-capital Financing Activities:	
<i>Operating Grants Received</i>	--
<i>Transfers From (To) Primary Government</i>	--
<i>Transfers From (To) Other Funds</i>	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u> --</u>
Cash Flows from Capital and Related Financing Activities:	
<i>Acquisition or Construction of Capital Assets</i>	--
<i>Proceeds from Sale of Capital Assets</i>	--
<i>Contributed Capital</i>	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u> --</u>
Cash Flows from Investing Activities:	
<i>Interest and Dividends on Investments</i>	--
Net Cash Provided (Used) for Investing Activities	<u> --</u>
Net Increase (Decrease) in Cash and Cash Equivalents	--
Cash and Cash Equivalents at Beginning of Year	10
Cash and Cash Equivalents at End of Year	<u>\$ 10</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (452)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
<i>Depreciation</i>	--
<i>Provision for Uncollectible Accounts</i>	--
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	--
<i>Increase (Decrease) in Accounts Payable</i>	452
Total Adjustments	<u> 452</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 AUGUST 31, 2018

Data Control Codes		Agency Fund	Student Activity
	ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 14,546	
1000	Total Assets	14,546	
	LIABILITIES:		
	Current Liabilities:		
2190	<i>Due to Student Groups</i>	\$ 14,546	
2000	Total Liabilities	14,546	
	NET POSITION:		
3000	Total Net Position	\$ -	

The accompanying notes are an integral part of this statement.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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

The District reports the following major governmental funds:

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

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

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

b. **Measurement Focus, Basis of Accounting**

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

3. **Financial Statement Amounts**

a. **Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

b. Property Taxes

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

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

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

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

d. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) 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 and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

f. Receivable and Payable Balances

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

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

g. Interfund Activity

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

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Management estimates and makes assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

i. Data Control Codes

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

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

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

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

k. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

l. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

m. Negative Operating Grants and Contributions - Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions As Reported	Negative On-Behalf Accruals	Operating Grants and Contributions (Excluding On- Behalf Accruals)
11 - Instruction	\$ (56,038)	\$ (412,028)	\$ 355,990
12 - Instructional Resources and Media Services	(9,844)	(11,210)	1,366
13 - Curriculum and Instructional Staff Development	--	--	--
21 - Instructional Leadership	--	--	--
23 - School Leadership	(82,749)	(94,230)	11,481
31 - Guidance, Counseling and Evaluation Services	(23,196)	(26,424)	3,228
32 - Social Work Services	--	--	--
33 - Health Services	(7,601)	(8,666)	1,065
34 - Student (Pupil) Transportation	(19,038)	(21,650)	2,612
35 - Food Services	113,561	(33,708)	147,269
36 - Extracurricular Activities	(23,848)	(26,580)	2,732
41 - General Administration	(63,401)	(74,918)	11,517
51 - Facilities Maintenance and Operations	(42,504)	(48,406)	5,902
52 - Security and Monitoring Services	--	--	--
53 - Data Processing Services	(33,291)	(44,585)	11,294
61 - Community Services	--	--	--
62 - School District Administrative Support Services	--	--	--
	<u>\$ (247,949)</u>	<u>\$ (802,405)</u>	<u>\$ 554,456</u>

4. Pensions

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

5. New Accounting Standards Adopted

In fiscal year 2018, the District adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

The financial statements and note disclosures have been updated for the affects of the adoption of GASB Statement No. 75.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
Unfavorable Budget Variance in Food Service Fund	The District will monitor the year end costs that are necessary for the Food Service Fund.

2. Deficit Fund Balance or Fund Net Position of Individual Funds

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,091,189 and the bank balance was \$5,154,592. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

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

The District's investment at August 31, 2018 is shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	Less than one year	\$ 2,000,000
		--
Total Investments		<u>\$ 2,000,000</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2018, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

Certificates of Deposit \$ 2,000,000

Secured by FDIC and Pledged Securities at the Depository Bank

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

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

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

e. Foreign Currency Risk

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

Investment Accounting Policy

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

D. Capital Assets

Capital asset activity for the year ended August 31, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 62,531	\$ --	\$ --	\$ 62,531
Construction in progress	--	--	--	--
Total capital assets not being depreciated	<u>62,531</u>	<u>--</u>	<u>--</u>	<u>62,531</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	8,865,520	390,084	--	9,255,604
Equipment	109,454	10,000	--	119,454
Vehicles	678,631	--	--	678,631
Total capital assets being depreciated	<u>9,653,605</u>	<u>400,084</u>	<u>--</u>	<u>10,053,689</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,980,471)	(126,044)	--	(5,106,515)
Equipment	(96,313)	(19,566)	--	(115,879)
Vehicles	(608,303)	(3,914)	--	(612,217)
Total accumulated depreciation	<u>(5,685,087)</u>	<u>(149,524)</u>	<u>--</u>	<u>(5,834,611)</u>
Total capital assets being depreciated, net	<u>3,968,518</u>	<u>250,560</u>	<u>--</u>	<u>4,219,078</u>
Governmental activities capital assets, net	<u>\$ 4,031,049</u>	<u>\$ 250,560</u>	<u>\$ --</u>	<u>\$ 4,281,609</u>

Depreciation was charged to functions as follows:

Instruction	\$ 78,994
Instructional Resources and Media Services	1,394
Curriculum and Staff Development	2,962
School Leadership	8,159
Guidance, Counseling, & Evaluation Services	1,876
Health Services	860
Student Transportation	4,734
Food Services	10,772
Extracurricular Activities	6,705
General Administration	11,010
Plant Maintenance and Operations	18,164
Security and Monitoring Services	175
Data Processing Services	3,719
	<u>\$ 149,524</u>

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2018, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Other Governmental Funds	General Fund	16,030	Workers Compensation
	Other Balances	--	
	Total	<u>\$ 16,030</u>	

All amounts due are scheduled to be repaid within one year.

F. Long-Term Obligations

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

1. Long-Term Obligation Activity.

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2018, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 1,055,000	\$ --	\$ 60,000	\$ 995,000	\$ 60,000
Bond Premiums	73,813	--	4,920	68,893	--
Notes	--	308,300	1,894	306,406	11,733
Net OPEB Liability*	--	1,808,514	784,218	1,024,296	--
Net Pension Liability *	568,460	85,677	162,023	492,114	--
Total governmental activities	<u>\$ 1,697,273</u>	<u>\$ 2,202,491</u>	<u>\$ 1,013,055</u>	<u>\$ 2,886,709</u>	<u>\$ 71,733</u>

Interest rates on bonds range from 0.75% to 3.75%.

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Net Pension Liability *	Governmental	General
Net OPEB Liability*	Governmental	General

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2018, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 71,733	\$ 41,293	\$ 113,026
2020	72,047	39,658	111,706
2021	72,371	38,015	110,386
2022	77,702	35,883	113,586
2023	78,043	33,592	111,636
2024-2028	430,655	128,098	558,753
2029-2033	395,565	49,048	444,613
2034-2038	73,994	8,974	82,968
2039-2040	29,295	742	30,037
Totals	\$ 1,301,406	\$ 375,304	\$ 1,676,710

P The District purchased four manufactured homes during the fiscal year to be used for rental housing for school employees. The District borrowed the funds for the manufactured homes from the depository bank. The total amount of the loans for houses was \$308,300. Monthly note payments total \$1,643. The interest rate on the loans is 2.650%. The loans are secured by the certificate of deposit owned by the District. The variable rate loans are at the rate of 2.0% above the rate of the certificate of deposit and will change every year in January.

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2018, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detail 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 <https://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

3. Benefits Provided.

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

4. 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 2014 through 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	2017	2018
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2018 Employer Contributions	\$ 57,587	
District's 2018 Member Contributions	\$ 138,500	
NECE 2017 On-Behalf Contributions to District	\$ 95,123	

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

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

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

- 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.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

5. Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan 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 pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 8%. 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, 2017 are summarized below:

SANTA ANNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

Teacher Retirement System of Texas			
Asset Allocation and Long-Term Expected Real Rate of Return			
As of August 31, 2017			
Asset Class	Target Allocation*	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns **
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

* Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY2017, but the reallocation does not affect the long term expected geometric real rate of return or expected contribution to long-term portfolio returns.

** The expected contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

7. 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 (8%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 829,607	\$ 492,114	\$ 211,096

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

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

At August 31, 2018, the District reported a liability of \$492,114 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 492,114
State's proportionate share that is associated with District	<u>929,976</u>
Total	<u>\$ 1,422,090</u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0015391%. which was an increase (decrease) of 0.0000000% from its proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation - There were no changes to the actuarial assumptions of other inputs that affected measurement of the total pension liability since the prior measurement period:

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2018, the District recognized pension expense of \$70,935 and revenue of \$70,935 for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:
(The amounts below will be the cumulative layers from the current and prior years combined)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 7,200	\$ 26,539
Changes in actuarial assumptions	22,417	12,833
Difference between projected and actual investment earnings	--	35,865
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	148,951	26
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	<u>57,587</u>	<u>--</u>
Total	<u>\$ 236,155</u>	<u>\$ 75,263</u>

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

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

Year Ended August 31	Pension Expense Amount
2019	\$ 19,495
2020	\$ 50,908
2021	\$ 17,082
2022	\$ 7,102
2023	\$ 7,854
Thereafter	\$ 865

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan 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.

2. 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.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2017 are as follows:

<u>Net OPEB Liability:</u>	<u>Total</u>
Total OPEB liability	\$ 43,885,784,621
Less: plan fiduciary net position	<u>399,535,986</u>
Net OPEB liability	<u>\$ 43,486,248,635</u>
Net position as a percentage of total OPEB liability	0.91%

3. 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 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.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

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 the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans:

Monthly TRS-Care Plan Premium Rates			
Effective September 1, 2016 - December 31, 2017			
	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ --	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

* or surviving spouse

4. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 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		
	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (NECE) - State	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%
Current fiscal year District contributions		\$ 16,884
Current fiscal year Member contributions		\$ 11,692
2017 measurement year NECE contributions	\$ --	

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

TRS-Care received supplemental appropriations from the State of Texas as the NECE in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

5. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate *	3.42% *
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.
Payroll Growth Rate	2.50%
Projected Salary Increases **	3.50% to 9.50% **
Healthcare Trend Rates ***	4.50% to 12.00% ***
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc Post-Employment Benefit Changes	None

*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

**Includes inflation at 2.50%

***Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

6. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, there are no investments and 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 not to 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. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact on 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 (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of net OPEB liability	\$ 1,208,923	\$ 1,024,296	\$ 875,897

8. 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 1% less than and 1% greater than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 852,829	\$ 1,024,296	\$ 1,249,283

9. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2018, the District reported a liability of \$1,024,296 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 1,024,296
State's proportionate share that is associated with the District	\$ <u>1,264,945</u>
Total	\$ <u><u>2,289,241</u></u>

The net OPEB liability was measured as of August 31, 2017 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 their OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017 the District's proportion of the collective net OPEB liability was 0.0023554. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

10. Changes Since the Prior Actuarial Valuation.

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

- a. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
- b. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- c. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered total OPEB liability.

The Affordable Care Act includes a 40% excise tax on high-cost health plans known as the "Cadillac tax." In this valuation the impact of this tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- a. 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50%.
- b. Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- c. There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis-point addition to the long-term trend rate assumption.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provision or applicable law.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

For the year ended August 31, 2018, the District recognized OPEB expense of \$(423,284) and revenue of \$(423,284) for support provided by the State.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

At August 31, 2018, 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 Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ --	\$ 21,383
Changes in actuarial assumptions	--	407,082
Differences between projected and actual investment earnings	156	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	2	--
Contributions paid to TRS subsequent to the measurement date	16,884	
	\$ 17,042	428,465

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:

Year ended August 31,	Amount
2019	\$ (56,515)
2020	\$ (56,515)
2021	\$ (56,516)
2022	\$ (56,516)
2023	\$ (56,555)
Thereafter	\$ (145,691)

J. Employee Health Care Coverage

During the year ended August 31, 2018, employees of the District were covered by a TRS Active Care. The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to TRS Active Care.

K. Commitments and Contingencies

1. Contingencies

The District participates in 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, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2018.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

L. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for a special education program with the following school districts:

Member Districts

Early ISD - fiscal agent
Blanket ISD
Zephyr ISD

Bangs ISD
Santa Anna ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Early ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

M. Subsequent Events

Management has reviewed all transactions and events from August 31, 2018 to January 11, 2019. There were no items identified that require disclosure in the financial statements.

N. Workers Compensation Insurance

The District is a participant in the North Texas Educational Insurance Workers' Compensation Self-Insurance Fund. The purpose of the Fund is to provide statutory benefits for the fund members employees through self-insurance of workers compensation prescribed by Article 8309h, Revised Civil Statutes of Texas, as amended.

The interlocal agreement between the Santa Anna Independent School District and the North Texas Educational Insurance Association Workers Compensation Self-Insurance Fund is for a term beginning September 1, 2017 and ending September 1, 2018. Either party may terminate the agreement upon 60 days written notification with the termination becoming effective at the end of the plan currently in force.

The required contribution for each plan sponsor is based on the State Board of Insurance Workers' Compensation rates for the various payroll classifications included in the fund members annual payroll. The interlocal agreement states that the Santa Anna Independent School district's maximum loss exposure for 2017-2018 is \$13,453. These losses are appropriated in the financial records of the District.

The pooled-risk self-insurance fund is governed by a six member board. Any excess of the cumulative contributions and investment earnings of all fund members are available for reduction of annual contributions. The District has fixed costs of \$4,921 in the contract and the Board has the right to adjust the stop loss provision. All claims are processed and paid by a servicing contractor employed by the Fund. The District has estimated claims of \$9,324 at August 31, 2018. These estimated claims are recorded as a liability in the District's internal service fund and include incurred claims and estimated unincurred claims at August 31, 2018.

O. Unemployment Compensation

During the year ended August 31, 2018 the Santa Anna ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

The Fund meets its obligations to the Texas Workforce Commission. Expenses are accrued each month until quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's August 31, 2017 audited financial statements are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

P. Auto, Liability, and/or Property Insurance

During the year ended August 31, 2018, the Santa Anna Independent School District participated in the TASB Risk Management Fund's (the Fund's) Property Casualty Program with coverage in:

Auto Liability
Auto Physical Damage
Legal Liability
Privacy & Information Security
Property

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of the reserves and fully funds those reserves. For the year ended August 31, 2018, the Fund anticipates Santa Anna ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2017, are available on the TASB Risk Management Fund Website and have been filed with the Texas Department of Insurance in Austin.

Q. Committed Fund Balances

The District's Board of Trustees have committed \$2,550,000 of the General Fund's fund balance for future construction and renovation.

R. Prior Period Adjustments

With the adoption of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, the District was required to record a prior period adjustment to its government-wide financial statements to report the prior year beginning balance of its proportionate share of OPEB liabilities. The prior period adjustment was a reduction of the net position of \$1,435,845.

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.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT G-1
Page 1 of 2

Data Control Codes	Budgeted Amounts			Actual	Variance with Final Budget Positive (Negative)
	1	2	3		
	Original	Final			
REVENUES:					
5700	<i>Local and Intermediate Sources</i>	\$ 982,382	\$ 982,382	\$ 1,064,858	\$ 82,476
5800	<i>State Program Revenues</i>	1,943,769	1,943,769	1,968,098	24,329
5020	Total Revenues	<u>2,926,151</u>	<u>2,926,151</u>	<u>3,032,956</u>	<u>106,805</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	<i>Instruction</i>	1,333,249	1,313,249	1,283,569	29,680
0012	<i>Instructional Resources and Media Services</i>	32,387	32,387	31,825	562
0013	<i>Curriculum and Staff Development</i>	45,829	45,829	43,871	1,958
	Total Instruction & Instr. Related Services	<u>1,411,465</u>	<u>1,391,465</u>	<u>1,359,265</u>	<u>32,200</u>
Instructional and School Leadership:					
0023	<i>School Leadership</i>	218,346	218,346	214,854	3,492
	Total Instructional & School Leadership	<u>218,346</u>	<u>218,346</u>	<u>214,854</u>	<u>3,492</u>
Support Services - Student (Pupil):					
0031	<i>Guidance, Counseling and Evaluation Services</i>	55,333	55,333	54,158	1,175
0033	<i>Health Services</i>	31,365	31,365	21,385	9,980
0034	<i>Student (Pupil) Transportation</i>	170,856	156,356	91,713	64,643
0035	<i>Food Services</i>	5,832	6,332	5,829	503
0036	<i>Cocurricular/Extracurricular Activities</i>	126,691	130,691	125,743	4,948
	Total Support Services - Student (Pupil)	<u>390,077</u>	<u>380,077</u>	<u>298,828</u>	<u>81,249</u>
Administrative Support Services:					
0041	<i>General Administration</i>	242,455	242,455	234,305	8,150
	Total Administrative Support Services	<u>242,455</u>	<u>242,455</u>	<u>234,305</u>	<u>8,150</u>
Support Services - Nonstudent Based:					
0051	<i>Plant Maintenance and Operations</i>	312,889	332,889	317,329	15,560
0052	<i>Security and Monitoring Services</i>	17,500	17,500	2,591	14,909
0053	<i>Data Processing Services</i>	93,419	95,419	93,506	1,913
	Total Support Services - Nonstudent Based	<u>423,808</u>	<u>445,808</u>	<u>413,426</u>	<u>32,382</u>
Debt Service:					
0071	<i>Principal on Long-Term Debt</i>	--	2,500	1,894	606
0072	<i>Interest on Long-Term Debt</i>	--	300	224	76
	Total Debt Service	<u>--</u>	<u>2,800</u>	<u>2,118</u>	<u>682</u>
Capital Outlay:					
0081	<i>Capital Outlay</i>	100,000	408,300	390,084	18,216
	Total Capital Outlay	<u>100,000</u>	<u>408,300</u>	<u>390,084</u>	<u>18,216</u>
Intergovernmental Charges:					
0093	<i>Payments to Fiscal Agent/Member Dist.-SSA</i>	100,000	105,000	101,620	3,380
0099	<i>Other Intergovernmental Charges</i>	40,000	40,000	36,540	3,460
	Total Intergovernmental Charges	<u>140,000</u>	<u>145,000</u>	<u>138,160</u>	<u>6,840</u>
6030	Total Expenditures	<u>2,926,151</u>	<u>3,234,251</u>	<u>3,051,040</u>	<u>183,211</u>

SANTA ANNA INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT G-1
 Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(308,100)	(18,084)	290,016
	Other Financing Sources (Uses):				
7914	Issuance of Non-Current Debt	--	308,300	308,300	--
7080	Total Other Financing Sources and (Uses)	--	308,300	308,300	--
1200	Net Change in Fund Balance	--	200	290,216	290,016
0100	Fund Balance - Beginning	4,593,956	4,593,956	4,593,956	--
3000	Fund Balance - Ending	\$ 4,593,956	\$ 4,594,156	\$ 4,884,172	\$ 290,016

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teacher Retirement System of Texas
LAST TEN FISCAL YEARS *

	Fiscal Year			
	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.00153908%	0.00150432%	0.00143430%	0.00072600%
District's proportionate share of the net pension liability (asset)	\$ 492,114	\$ 568,460	\$ 507,006	203,701
State's proportionate share of the net pension liability (asset) associated with the District	929,976	1,129,520	1,116,790	965,705
Total	\$ <u>1,422,090</u>	\$ <u>1,697,980</u>	\$ <u>1,623,796</u>	\$ <u>1,169,406</u>
District's covered-employee payroll	\$ 1,771,031	\$ 1,719,696	\$ 1,633,994	1,615,502
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	27.79%	33.06%	31.03%	12.61%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	76.43%	78.43%	83.25%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
Teacher Retirement System of Texas
LAST TEN FISCAL YEARS *

	Fiscal Year			
	2018	2017	2016	2015
Contractually required contribution	\$ 57,587	50,441	\$ 47,796	\$ 41,470
Contributions in relation to the contractually required contribution	\$(57,587)	(50,441)	(47,796)	(41,470)
Contribution deficiency (excess)	--	--	\$ --	\$ --
District's covered-employee payroll	\$ 1,798,702	\$ 1,771,031	\$ 1,719,697	\$ 1,633,994
Contributions as a percentage of covered-employee payroll	3.20%	2.85%	2.78%	2.54%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
Teacher Retirement System of Texas
LAST TEN FISCAL YEARS *

	<u>Measurement Year Ended</u> <u>2017</u>
District's proportion of the collective net OPEB liability	0.0023554479%
District's proportionate share of the collective net OPEB liability	\$ 1,024,296
State proportionate share of the collective net OPEB liability associated with the District	\$ 1,264,945
Total	<u>\$ 2,289,241</u>
District's covered-employee payroll	\$ 1,771,031
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	57.84%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
Teachers Retirement System of Texas
*LAST TEN FISCAL YEARS **

	Fiscal Year Ended 2018
Statorily or contractually required District contribution	\$ 16,884
Contributions recognized by OPEB in relation to statorily or contractually required contribution	(16,884)
Contribution deficiency (excess)	\$ --
District's covered-employee payroll	\$ 1,798,703
Contributions as a percentage of covered-employee payroll	0.94%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2018*

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only 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. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment 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.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 9,580	\$ 55,732	\$ 65,312
1225	Taxes Receivable, Net	--	4,241	4,241
1240	Due from Other Governments	28,935	--	28,935
1290	Other Receivables	--	637	637
1000	Total Assets	38,515	60,610	99,125
LIABILITIES:				
Current Liabilities:				
2160	Accrued Wages Payable	\$ 18,725	\$ --	\$ 18,725
2200	Accrued Expenditures	1,289	--	1,289
2000	Total Liabilities	20,014	--	20,014
DEFERRED INFLOWS OF RESOURCES:				
	Deferred Revenue	--	4,241	4,241
2600	Total Deferred Inflows of Resources	--	4,241	4,241
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	18,501	--	18,501
3480	Retirement of Long-Term Debt	--	56,369	56,369
3000	Total Fund Balances	18,501	56,369	74,870
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 38,515	\$ 60,610	\$ 99,125

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 21,683	\$ 63,777	\$ 85,460
5800 <i>State Program Revenues</i>	10,279	33,752	44,031
5900 <i>Federal Program Revenues</i>	448,707	--	448,707
5020 Total Revenues	<u>480,669</u>	<u>97,529</u>	<u>578,198</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	305,649	--	305,649
0035 <i>Food Service</i>	187,152	--	187,152
0041 <i>General Administration</i>	3,347	--	3,347
0053 <i>Data Processing Services</i>	6,029	--	6,029
0071 <i>Principal on Long-term Debt</i>	--	60,000	60,000
0072 <i>Interest on Long-term Debt</i>	--	34,635	34,635
0073 <i>Bond Issuance Costs and Fees</i>	--	350	350
6030 Total Expenditures	<u>502,177</u>	<u>94,985</u>	<u>597,162</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(21,508)	2,544	(18,964)
1200 Net Change in Fund Balances	<u>(21,508)</u>	<u>2,544</u>	<u>(18,964)</u>
0100 Fund Balances - Beginning	40,009	53,825	93,834
3000 Fund Balances - Ending	<u>\$ 18,501</u>	<u>\$ 56,369</u>	<u>\$ 74,870</u>

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2018

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	265 21st Century Community Learning Center	
ASSETS:					
1110	Cash and Cash Equivalents	\$ (3,145)	\$ 13,096	\$ (371)	\$ --
1240	Due from Other Governments	14,712	10,789	1,463	--
1000	Total Assets	11,567	23,885	1,092	--
LIABILITIES:					
Current Liabilities:					
2160	Accrued Wages Payable	\$ 10,509	\$ 5,280	\$ 993	\$ --
2200	Accrued Expenditures	1,058	104	99	--
2000	Total Liabilities	11,567	5,384	1,092	--
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	18,501	--	--
3000	Total Fund Balances	--	18,501	--	--
4000	Total Liabilities and Fund Balances	\$ 11,567	\$ 23,885	\$ 1,092	\$ --

	270 ESEA, Title VI Part B, Subpart 2 Rural School	289	410 State Textbook Fund	429 State Funded Special Revenue Fund	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
	\$ --	\$ --	\$ --	\$ --	\$ 9,580
	1,971	--	--	--	28,935
	<u>1,971</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>38,515</u>
	\$ 1,943	\$ --	\$ --	\$ --	\$ 18,725
	28	--	--	--	1,289
	<u>1,971</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>20,014</u>
	--	--	--	--	18,501
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>18,501</u>
	<u>\$ 1,971</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 38,515</u>

SANTA ANNA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	265 21st Century Community Learning Center
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ 21,683	\$ --	\$ --
5800 State Program Revenues	--	800	--	--
5900 Federal Program Revenues	119,100	140,921	14,698	141,872
5020 Total Revenues	<u>119,100</u>	<u>163,404</u>	<u>14,698</u>	<u>141,872</u>
EXPENDITURES:				
Current:				
0011 Instruction	119,100	--	14,698	129,930
0035 Food Service	--	184,586	--	2,566
0041 General Administration	--	--	--	3,347
0053 Data Processing Services	--	--	--	6,029
6030 Total Expenditures	<u>119,100</u>	<u>184,586</u>	<u>14,698</u>	<u>141,872</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	(21,182)	--	--
1200 Net Change in Fund Balances	--	(21,182)	--	--
0100 Fund Balances - Beginning	--	39,683	--	--
3000 Fund Balances - Ending	\$ --	\$ 18,501	\$ --	\$ --

EXHIBIT H-4

	270 ESEA, Title VI Part B, Subpart 2 Rural School	289	410 State Textbook Fund	429 State Funded Special Revenue Fund	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
	\$ --	\$ --	\$ --	\$ --	\$ 21,683
	--	--	9,479	--	10,279
	22,157	9,959	--	--	448,707
	<u>22,157</u>	<u>9,959</u>	<u>9,479</u>	<u>--</u>	<u>480,669</u>
	22,157	9,959	9,479	326	305,649
	--	--	--	--	187,152
	--	--	--	--	3,347
	--	--	--	--	6,029
	<u>22,157</u>	<u>9,959</u>	<u>9,479</u>	<u>326</u>	<u>502,177</u>
	--	--	--	(326)	(21,508)
	--	--	--	(326)	(21,508)
	--	--	--	326	40,009
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 18,501</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2018

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2009 and Prior Years	\$ Various	\$ Various	\$ Various
2010	1.04	.078	54,257,631
2011	1.04	.078	58,905,599
2012	1.04	.073	62,804,478
2013	1.04	.053	74,001,418
2014	1.04	.0596	80,266,657
2015	1.04	.0596	89,011,825
2016	1.04	.065	90,050,959
2017	1.04	.0679	89,675,022
2018 (School Year Under Audit)	1.04	.0677	95,235,862

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/17	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/18
\$ 62,443	\$ --	\$ 289	\$ 22	\$ --	\$ 62,132
1,822	--	50	4	--	1,768
1,842	--	77	6	--	1,759
1,123	--	74	5	--	1,044
7,288	--	147	7	--	7,132
2,041	--	137	8	--	1,895
8,430	--	1,074	62	--	7,294
14,282	--	5,438	340	--	8,505
26,132	--	12,223	798	(513)	12,597
--	1,054,971	944,109	61,499	(26,823)	22,540
<u>\$ 125,401</u>	<u>\$ 1,054,971</u>	<u>\$ 963,619</u>	<u>\$ 62,750</u>	<u>\$ (27,336)</u>	<u>\$ 126,666</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT J-2

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 22,000	\$ 21,683	\$ (317)
5800 <i>State Program Revenues</i>	763	800	37
5900 <i>Federal Program Revenues</i>	128,503	140,821	12,418
5020 Total Revenues	<u>151,266</u>	<u>163,404</u>	<u>12,138</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	169,266	184,586	(15,320)
Total Support Services - Student (Pupil)	<u>169,266</u>	<u>184,586</u>	<u>(15,320)</u>
6030 Total Expenditures	<u>169,266</u>	<u>184,586</u>	<u>(15,320)</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(18,000)	(21,182)	(3,182)
1200 Net Change in Fund Balance	<u>(18,000)</u>	<u>(21,182)</u>	<u>(3,182)</u>
0100 Fund Balance - Beginning	39,683	39,683	--
3000 Fund Balance - Ending	<u>\$ 21,683</u>	<u>\$ 18,501</u>	<u>\$ (3,182)</u>

SANTA ANNA INDEPENDENT SCHOOL DISTRICT

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT J-3

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 61,258	\$ 63,777	\$ 2,519
5800 <i>State Program Revenues</i>	33,752	33,752	--
5020 Total Revenues	<u>95,010</u>	<u>97,529</u>	<u>2,519</u>
EXPENDITURES:			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	60,000	60,000	--
0072 <i>Interest on Long-Term Debt</i>	34,635	34,635	--
0073 <i>Bond Issuance Costs and Fees</i>	375	350	25
Total Debt Service	<u>95,010</u>	<u>94,985</u>	<u>25</u>
6030 Total Expenditures	<u>95,010</u>	<u>94,985</u>	<u>25</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	2,544	2,544
1200 Net Change in Fund Balance	--	2,544	2,544
0100 Fund Balance - Beginning	53,825	53,825	--
3000 Fund Balance - Ending	<u>\$ 53,825</u>	<u>\$ 56,369</u>	<u>\$ 2,544</u>

BURL D. LOWERY
CERTIFIED PUBLIC ACCOUNTANT
Member A.I.C.P.A. & T.S.C.P.A.
Post Office Box 626
311 Center
Brownwood, Texas 76804

BURL D. LOWERY, C.P.A.
JOYCE CORNELIUS, C.P.A.

Telephone 325-646-8838
Fax 325-643-2157

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 *Government Auditing Standards*

Board of Trustees
Santa Anna Independent School District
701 Bowie Street
Santa Anna, Texas 76878

Members of the Board of Trustees:

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Anna Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise Santa Anna Independent School District's basic financial statements and have issued my report thereon dated January 11, 2019.

Internal Control Over Financial Reporting

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

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item(s) 2018-001 and 2018-002, that I consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Santa Anna Independent School District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Santa Anna Independent School District's Response to Findings

Santa Anna Independent School District's response to the findings identified in my audit is described in the accompanying corrective action plan. Santa Anna Independent School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

Brownwood, TX
January 11, 2019

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
One or more material weaknesses identified?	<u> </u> Yes	<u> X </u> No	
One or more significant deficiencies identified that are not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None Reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

B. Financial Statement Findings

2018-001: Bank accounts were not properly reconciled.

Condition: The bank accounts were not properly reconciled.

Cause: Transfers between bank accounts were not properly recorded in all bank accounts.

Effect: Balances in general ledger were understated.

Recommendation: The District should make sure that all interbank transfers are properly recorded in the general ledger. Any outstanding transfers should be considered on the bank reconciliation.

2018-002: There were unfavorable budget variances in the Food Service Fund.

Condition: The food service fund had an unfavorable budget variance.

Cause: The District did not estimate all of the year-end expenditures that would be necessary for the start up of the new school year.

Effect: The District had expenditures that exceeded the budgeted amount.

Recommendation: The District should monitor the expenditures that are necessary for the start-up costs of the new school year.

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2018

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no prior year findings or questioned costs.		

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2018

2018-001: Bank accounts not properly reconciled.

Corrective action: The District will seek additional help in reconciling the bank accounts. We will review our procedures for recording interbank transfers in all funds.

2018-002: There were unfavorable budget variances in the Food Service Fund.

Corrective Action: The District will monitor the costs in the Food Service Fund that are necessary for the start-up of the new school year and include those costs in our estimated budget.

Contact: David Robinett, Superintendent
Phone: (325) 348-3136
Fax: (325) 348-3141

SANTA ANNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2018

Data Control Codes		Responses
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
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 492,114
SF13	Pension Expense (object 6147) at fiscal year-end.	\$

In correspondence to all school administrators dated November 1, 2017, the TEA's Director of Financial Compliance stated "For 2017, and until further notice, no data should be entered in the field for data feed Schedule L-1 question SF13. If the AFR and data feed has been submitted no additional steps need to be taken."