

# Garza/Gonzalez & Associates

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CERTIFIED PUBLIC ACCOUNTANTS

## **SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT**

San Antonio, Texas

### **ANNUAL FINANCIAL AND COMPLIANCE REPORT**

For The Year Ended August 31, 2019

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For The Year Ended August 31, 2019

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## **INTRODUCTORY SECTION**

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

BEXAR

015-908

Name of School District

County

Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and  X  approved   disapproved for the year ended August 31, 2019 at a meeting of the Board of Trustees of such school district on the  22  day of  January , 2020.



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Signature of Board Secretary



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Signature of Board President

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

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## **FINANCIAL SECTION**

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
South San Antonio Independent School District:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South San Antonio Independent School District (the "District") as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2019, 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, budgetary comparison information, and the Teacher Retirement System pension and OPEB information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statements and the required Texas Education Agency (TEA) schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

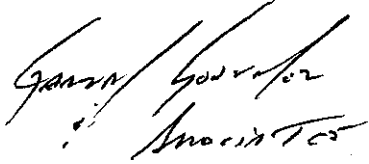
The combining statements, the required TEA schedules, and the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has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

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**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Handwritten signature of the auditor, appearing to read "Gordon G. Gordon" with "Auditor" written below it.

January 9, 2020

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2019

This discussion and analysis of South San Antonio Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the year ended August 31, 2019. It should be read in conjunction with the District's financial statements.

**FINANCIAL HIGHLIGHTS**

- The District's total combined net position reflected in the government-wide Statement of Net Position was (\$30,640,279) at August 31, 2019, which is a decrease of \$2,399,538 from the prior year balance. The majority of the decrease is related to the current year effects of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) and GASB No. 68, Accounting and Financial Reporting for Pensions an Amendment to GASB 27. The current year effect of accounting and reporting GASB 75 and GASB 68 decreases net position (\$187,499) and (\$2,558,129), respectively. The implementation of the medical insurance fund including current year activity decreased net position by \$193,155.
- For the fiscal year ended August 31, 2019, the District's general fund reported a total fund balance of \$30,448,517 of which \$28,662,207 is unassigned. This represents an increase in unassigned fund balance of \$2,291,922 from the prior year.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds, the debt service fund, and the capital projects fund) reported combined ending fund balances of \$37,389,516, an increase of \$2,386,304 from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of three parts — *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplementary Information*. The basic 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*. The District's proprietary type funds include the Print Shop, the worker's compensation self-insurance fund and the medical insurance fund.
- *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 fiduciary resources belong. This fund includes student activity funds.

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2019

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District'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 government-wide statements report information about the District's *net position* and the changes from the previous year. Net position (the difference between the District's assets, deferred outflows and liabilities and deferred inflows) is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether the financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors, such as changes in the District's tax base, staffing patterns, enrollment, and attendance.

The governmental-wide financial statements of the District include the *Governmental Activities*. The District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operation and maintenance are included in here. Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, 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 simply accounting devices that are used to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and other funds are mandated by bond agreements or bond covenants.
- The Board of Trustees establishes other funds to control and manage money set aside for particular purposes or to show that the District is properly using certain funds.
- Fiduciary funds are used to account for assets held by the District in a trust and/or custodial capacity. These assets do not belong to the District, but the District is responsible to properly safeguard and account for them.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2019

The District has three 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 on the subsequent page to the governmental funds statement 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- and short-term financial information.
- *Fiduciary funds* — The District serves as the trustee, or *fiduciary*, for certain funds such as student activity funds and private purpose trust funds. 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 position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2019

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's combined net position was (\$30,640,279) at August 31, 2019. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the fiscal year ended August 31, 2019. The District reported an increase of \$2,399,538 in net position from the prior year. This change can be attributed primarily to the current year effects of accounting and reporting GASB Statement No. 75 and GASB Statement No. 68.

Table 1  
Net Position

Description	Governmental Activities		Total Change
	2019	2018	
Current Assets	\$ 56,517,111	\$ 51,002,463	\$ 5,514,648
Capital Assets	161,863,428	168,404,700	(6,541,272)
Total	<u>218,380,539</u>	<u>219,407,163</u>	<u>(1,026,624)</u>
Deferred Charge on Refunding	6,703,524	7,186,558	(483,034)
Deferred Outflows - OPEB	3,268,079	482,800	2,785,279
Deferred Outflows - Pension	17,099,120	6,875,635	10,223,485
Total Deferred Outflows of Resources	<u>27,070,723</u>	<u>14,544,993</u>	<u>12,525,730</u>
Current Liabilities	15,353,751	10,791,630	4,562,121
Long-Term Liabilities	244,553,939	233,628,860	10,925,079
Total Liabilities	<u>259,907,690</u>	<u>244,420,490</u>	<u>15,487,200</u>
Deferred Inflows - Pension	2,328,505	3,054,255	(725,750)
Deferred Inflows - OPEB	13,855,346	14,718,152	(862,806)
Total Deferred Inflows of Resources	<u>16,183,851</u>	<u>17,772,407</u>	<u>(1,588,556)</u>
Net Position:			
Net Investment in Capital Assets	8,295,844	8,761,934	(466,090)
Restricted	3,629,665	3,478,056	151,609
Unrestricted	(42,565,788)	(40,480,731)	(2,085,057)
Total Net Pension	<u>\$ (30,640,279)</u>	<u>\$ (28,240,741)</u>	<u>\$ (2,399,538)</u>



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2019

Table 2  
Changes in Net Position

Description	Governmental Activities		Total Change
	2019	2018	
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 1,330,378	\$ 1,177,247	\$ 153,131
Operating grants and contributions	34,201,736	5,681,102	28,520,634
General revenues			
Property taxes	24,915,767	23,607,412	1,308,355
Grants and contributions not restricted	49,661,972	59,460,486	(9,798,514)
Investment earnings	1,129,666	557,069	572,597
Miscellaneous	945,930	123,474	822,456
<b>Total Revenue</b>	<b>112,185,449</b>	<b>90,606,790</b>	<b>21,578,659</b>
<b>Expenses</b>			
Instruction	58,458,583	37,458,022	21,000,561
Instructional resources and media services	1,277,428	875,804	401,624
Curriculum and staff development	3,606,426	1,804,282	1,802,144
Instructional leadership	2,268,716	2,163,352	105,364
School leadership	6,498,559	3,675,671	2,822,888
Guidance, counseling, and evaluation services	3,604,957	2,018,270	1,586,687
Social work services	317,037	227,125	89,912
Health services	1,493,355	935,223	558,132
Student transportation	2,486,670	1,438,324	1,048,346
Food services	7,245,711	5,642,585	1,603,126
Co-curricular/extracurricular activities	2,143,391	1,711,330	432,061
General administration	2,931,578	2,140,478	791,100
Plant maintenance and operations	10,646,746	8,314,961	2,331,785
Security and monitoring	1,243,407	802,633	440,774
Data processing services	1,970,751	1,380,333	590,418
Community services	872,658	360,168	512,490
Interest on long-term debt	7,328,859	6,908,810	420,049
Bond issuance costs and fees	22,746	24,810	(2,064)
Capital Outlay	43,606	-	43,606
Payments to juvenile justice alternative education program	7,743	-	7,743
Other intergovernmental charges	116,060	(293,528)	409,588
<b>Total Expenses</b>	<b>114,584,987</b>	<b>77,588,653</b>	<b>36,996,334</b>
<b>Changes in Net Position</b>	<b>(2,399,538)</b>	<b>13,018,137</b>	<b>(15,417,675)</b>
Beginning Net Position (Restated)	(28,240,741)	20,438,644	(48,679,385)
Prior Period Adjustment	-	(61,697,522)	61,697,522
<b>Ending Net Position</b>	<b>\$ (30,640,279)</b>	<b>\$ (28,240,741)</b>	<b>\$ (2,399,538)</b>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2019

**Financial Analysis of the District' Funds**

At the close of the fiscal year ending August 31, 2019, the District's governmental funds reported a combined fund balance of \$37,389,516. This compares to a combined fund balance of \$35,003,212 at August 31, 2018. The fund balance in the general fund increased \$4,078,232 primarily due to projects not completed during the fiscal year and a transfer in from the Workers Compensation Fund. The debt service fund decreased (\$869,622) due to a decrease in state revenues. The non-major fund balance decreased by (\$822,306) due primarily to additional spending in the Child Nutrition Fund and the Capital Projects Funds.

**Budgetary Highlights**

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended August 31, 2019, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. There were no material changes between the original budget and the final amended budget. The general fund's actual revenues exceeded the budgeted revenues by \$158,258 and the budgeted expenditures exceeded actual expenditures by \$8,133,706.

**Capital Assets**

The District, at the end of the fiscal year, had a historical capital asset valuation of \$302,599,464 which represents an increase of \$2,491,306 due to the addition of equipment purchased in the current year and construction in progress. Depreciation expense for the year of \$9,032,578 was also recognized together with the capital asset additions resulted in a net decrease to capital assets of (\$6,541,272). For capital asset activity, please refer to Note III (D) of the notes to the basic financial statements on page 37.

Table 3  
District's Capital Assets

	Governmental Activities	
	2019	2018
Land, Land Improvements and CIP	\$ 3,265,042	\$ 2,796,842
Buildings and Improvements	280,435,708	280,371,146
Furniture and Equipment	18,898,714	16,940,170
Total at Historical Cost	302,599,464	300,108,158
Less Accumulated Depreciation for:		
Buildings and Improvements	(126,044,163)	(117,519,603)
Furniture and Equipment	(14,691,873)	(14,183,855)
Total Accumulated Depreciation for:	(140,736,036)	(131,703,458)
Governmental Activities Capital Assets, net	\$ 161,863,428	\$ 168,404,700

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2019

**Long-Term Debt**

At year end the District had \$172,058,066 in long-term debt outstanding as shown in table 4. For detailed information of the District's long term debt refer to Note III (G) on pages 39-40.

Table 4  
District's Long-Term Debt

	Governmental Activities	
	2019	2018
Bonds Payable	\$ 150,031,030	\$ 156,586,899
Unamortized Premium	10,240,078	10,972,414
Accreted Interest	10,546,667	9,650,202
Compensated Absences	1,240,291	1,266,420
Total Long-Term Debt	\$ 172,058,066	\$ 178,475,935

In addition, the District reports a net pension liability of \$33,474,812 an increase of \$13,507,364 from the prior year and a net OPEB liability of \$39,021,061 an increase of \$3,835,584.

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

The following factors were considered in establishing the District's budget for 2019-2020:

- The District budgeted revenues of \$81,429,097 and expenditures of \$81,429,097 for a balanced budget in the general fund.
- The District anticipated a loss of 200 in student enrollment in 2019-2020. The district anticipates a loss of 200 annually thru 2020-2021 with the expansion of charter schools in our district boundaries.
- The District's Board of Trustees adopted a Maintenance & Operation tax rate of \$0.97 and an Interest & Sinking tax rate of \$0.48 for a total of \$1.45 per \$100 of property valuation.
- The District will continue to monitor staffing ratios and spending in order to achieve the anticipated positive impact to the District's fund balance.
- The district has reopened 3 campuses in an effort to keep and attract new students to the district. The district is also looking at other innovative programs to implement at all campuses.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2019

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and creditors with a general overview of the District's finances and to demonstrate the District's commitment to accountability for the money it receives. If you have questions about this report or need additional financial information, contact the South San Antonio Independent School District business office at 5622 Ray Ellison Blvd., San Antonio, Texas.

## **BASIC FINANCIAL STATEMENTS**

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## **Government-Wide Financial Statements**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2019

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 48,162,352
1220 Property Taxes - Delinquent	2,046,069
1230 Allowance for Uncollectible Taxes	(204,607)
1240 Due from Other Governments	6,207,360
1267 Due from Fiduciary Funds	6,766
1290 Other Receivables, Net	285,785
1300 Inventories	13,386
Capital Assets:	
1510 Land	2,796,842
1520 Buildings, Net	154,391,545
1530 Furniture and Equipment, Net	4,206,841
1580 Construction in Progress	468,200
1000 Total Assets	218,380,539
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	6,703,524
1705 Deferred Outflow Related to TRS Pension	17,099,120
1706 Deferred Outflow Related to TRS OPEB	3,268,079
1700 Total Deferred Outflows of Resources	27,070,723
<b>LIABILITIES</b>	
2110 Accounts Payable	3,519,821
2140 Interest Payable	256,663
2150 Payroll Deductions and Withholdings	806,697
2160 Accrued Wages Payable	3,666,921
2180 Due to Other Governments	6,020,221
2200 Accrued Expenses	657,218
2300 Unearned Revenue	426,210
Noncurrent Liabilities:	
2501 Due Within One Year	7,443,523
2502 Due in More Than One Year	164,614,543
2540 Net Pension Liability (District's Share)	33,474,812
2545 Net OPEB Liability (District's Share)	39,021,061
2000 Total Liabilities	259,907,690
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	2,328,505
2606 Deferred Inflow Related to TRS OPEB	13,855,346
2600 Total Deferred Inflows of Resources	16,183,851
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	8,295,844
3820 Restricted for Federal and State Programs	2,423,549
3860 Restricted for Capital Projects	338,983
3890 Restricted for Other Purposes	867,133
3900 Unrestricted	(42,565,788)
3000 Total Net Position	\$ (30,640,279)

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



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	3 Charges for Services	4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position  Primary Gov. Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 58,458,583	\$ 672,145	\$ 10,866,668	\$ (46,919,770)
12 Instructional Resources and Media Services	1,277,428	34,715	103,082	(1,139,631)
13 Curriculum and Instructional Staff Development	3,606,426	4,959	2,745,452	(856,015)
21 Instructional Leadership	2,268,716	-	1,352,802	(915,914)
23 School Leadership	6,498,559	94,226	684,091	(5,720,242)
31 Guidance, Counseling and Evaluation Services	3,604,957	-	606,410	(2,998,547)
32 Social Work Services	317,037	-	63,562	(253,475)
33 Health Services	1,493,355	-	1,560,992	67,637
34 Student (Pupil) Transportation	2,486,670	-	540,346	(1,946,324)
35 Food Services	7,245,711	241,355	6,680,962	(323,394)
36 Extracurricular Activities	2,143,391	215,395	114,990	(1,813,006)
41 General Administration	2,931,578	67,583	745,469	(2,118,526)
51 Facilities Maintenance and Operations	10,646,746	-	1,138,634	(9,508,112)
52 Security and Monitoring Services	1,243,407	-	122,137	(1,121,270)
53 Data Processing Services	1,970,751	-	385,384	(1,585,367)
61 Community Services	872,658	-	460,539	(412,119)
72 Debt Service - Interest on Long-Term Debt	7,328,859	-	6,030,216	(1,298,643)
73 Debt Service - Bond Issuance Cost and Fees	22,746	-	-	(22,746)
81 Capital Outlay	43,606	-	-	(43,606)
95 Payments to Juvenile Justice Alternative Ed. Prg.	7,743	-	-	(7,743)
99 Other Intergovernmental Charges	116,060	-	-	(116,060)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 114,584,987	\$ 1,330,378	\$ 34,201,736	(79,052,873)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	17,852,152
DT	Property Taxes, Levied for Debt Service	7,063,615
GC	Grants and Contributions not Restricted	49,661,972
IE	Investment Earnings	1,129,666
MI	Miscellaneous Local and Intermediate Revenue	945,930
TR	Total General Revenues	76,653,335
CN	Change in Net Position	(2,399,538)
NB	Net Position - Beginning	(28,240,741)
NE	Net Position--Ending	\$ (30,640,279)

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

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## **Governmental Funds Financial Statements**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2019

Data Control Codes	General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 36,235,607	\$ 3,953,230	\$ 5,032,096	\$ 45,220,933
1220 Property Taxes - Delinquent	1,473,170	572,899	-	2,046,069
1230 Allowance for Uncollectible Taxes	(147,317)	(57,290)	-	(204,607)
1240 Due from Other Governments	3,201,652	-	3,005,708	6,207,360
1260 Due from Other Funds	2,262,315	53,452	120	2,315,887
1290 Other Receivables	66,162	-	49,875	116,037
1300 Inventories	-	-	13,386	13,386
1000 Total Assets	<u>\$ 43,091,589</u>	<u>\$ 4,522,291</u>	<u>\$ 8,101,185</u>	<u>\$ 55,715,065</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 1,788,009	\$ -	\$ 1,618,448	\$ 3,406,457
2150 Payroll Deductions and Withholdings Payable	806,697	-	-	806,697
2160 Accrued Wages Payable	3,443,626	-	223,295	3,666,921
2170 Due to Other Funds	53,452	-	2,255,423	2,308,875
2180 Due to Other Governments	5,265,259	754,455	507	6,020,221
2200 Accrued Expenditures	10,750	-	-	10,750
2300 Unearned Revenue	65,749	-	360,461	426,210
2000 Total Liabilities	<u>11,433,542</u>	<u>754,455</u>	<u>4,458,134</u>	<u>16,646,131</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	1,209,530	469,888	-	1,679,418
2600 Total Deferred Inflows of Resources	<u>1,209,530</u>	<u>469,888</u>	<u>-</u>	<u>1,679,418</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	-	-	13,386	13,386
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	2,423,549	2,423,549
3470 Capital Acquisition and Contractual Obligation	-	-	338,983	338,983
3480 Retirement of Long-Term Debt	-	3,297,948	-	3,297,948
3490 Other Restricted Fund Balance	-	-	867,133	867,133
Committed Fund Balance:				
3545 Other Committed Fund Balance	1,786,310	-	-	1,786,310
3600 Unassigned Fund Balance	28,662,207	-	-	28,662,207
3000 Total Fund Balances	<u>30,448,517</u>	<u>3,297,948</u>	<u>3,643,051</u>	<u>37,389,516</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 43,091,589</u>	<u>\$ 4,522,291</u>	<u>\$ 8,101,185</u>	<u>\$ 55,715,065</u>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2019

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	37,389,516
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		2,351,089
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$300,108,158 and the accumulated depreciation was (\$131,703,458). At the beginning of the year, bonds payable, other long-term liabilities, and compensated absences were (\$178,475,935), interest payable was (\$265,723), and deferred charge for bond refunding was \$7,186,558. In addition, net pension liability was (\$19,967,448), and the related deferred outflows and inflows of resources were \$6,875,635 and (\$3,054,255), respectively; and the net OPEB liability was (\$35,185,477) and the related deferred outflows and inflows of resources were \$482,800 and (\$14,718,152), respectively. The net effect of recognizing the government-wide beginning balances is to (decrease) net position.		(68,717,297)
Transactions related to current year capital outlay, bonds payable, and other long-term liabilities, and changes in interest payable and compensated absences are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting, as follows:		8,435,201
<ul style="list-style-type: none"> <li>● Acquisition of capital assets of \$2,491,306.</li> <li>● Principal payments on bonds payable of \$6,555,869.</li> <li>● Accretion on capital appreciation bonds of (\$896,465).</li> <li>● Amortization of bond premium of \$732,336 and loss on refunded debt of (\$483,034).</li> <li>● Changes in interest payable of \$9,060.</li> <li>● Changes in compensated absences of \$26,129.</li> </ul>		
The net effect is to increase net position.		
Transactions in the current year related to the District's net pension liability were as follows:		(2,558,129)
<ul style="list-style-type: none"> <li>● Recognize a net (increase) in the District's proportionate share of the net pension liability in the amount of (\$13,507,364).</li> <li>● Recognize a net increase in deferred outflows of resources in the amount of \$10,223,485.</li> <li>● Recognize a net decrease in deferred inflows of resources in the amount of \$725,750.</li> </ul>		
The net effect is to (decrease) net position.		
Transactions in the current year related to the District's net OPEB liability were as follows:		(187,499)
<ul style="list-style-type: none"> <li>● Recognize a net (increase) in the District's proportionate share of the net OPEB liability in the amount of (\$3,835,584).</li> <li>● Recognize a net increase in deferred outflows of resources in the amount of \$2,785,279.</li> <li>● Recognize a net decrease in deferred inflows of resources in the amount of \$862,806.</li> </ul>		
The net effect is to (decrease) net position.		
Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) net position.		(9,032,578)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from the current year tax levy as revenue in the amount of \$450,562 and from prior year tax levies in the amount of \$1,228,856. The net effect of these reclassifications and recognitions is to increase net position.		1,679,418
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>(30,640,279)</b>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 20,132,892	\$ 7,334,433	\$ 980,181	\$ 28,447,506
5800 State Program Revenues	53,124,737	5,065,316	2,544,117	60,734,170
5900 Federal Program Revenues	3,080,320	-	17,240,285	20,320,605
5020 Total Revenues	<u>76,337,949</u>	<u>12,399,749</u>	<u>20,764,583</u>	<u>109,502,281</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	41,642,939	-	7,501,065	49,144,004
0012 Instructional Resources and Media Services	998,408	-	41,621	1,040,029
0013 Curriculum and Instructional Staff Development	650,999	-	2,697,092	3,348,091
0021 Instructional Leadership	665,451	-	1,295,226	1,960,677
0023 School Leadership	5,211,860	-	257,253	5,469,113
0031 Guidance, Counseling and Evaluation Services	2,689,210	-	366,798	3,056,008
0032 Social Work Services	259,833	-	31,979	291,812
0033 Health Services	1,276,724	-	1,875	1,278,599
0034 Student (Pupil) Transportation	1,880,700	-	367,091	2,247,791
0035 Food Services	-	-	7,165,778	7,165,778
0036 Extracurricular Activities	1,792,714	-	103,791	1,896,505
0041 General Administration	2,349,159	-	228,650	2,577,809
0051 Facilities Maintenance and Operations	8,879,720	-	677,106	9,556,826
0052 Security and Monitoring Services	1,200,187	-	4,576	1,204,763
0053 Data Processing Services	1,943,217	-	-	1,943,217
0061 Community Services	371,494	-	449,784	821,278
Debt Service:				
0071 Principal on Long-Term Debt	-	6,555,869	-	6,555,869
0072 Interest on Long-Term Debt	-	6,690,756	-	6,690,756
0073 Bond Issuance Cost and Fees	-	22,746	-	22,746
Capital Outlay:				
0081 Facilities Acquisition and Construction	1,235,092	-	400,199	1,635,291
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	7,743	-	-	7,743
0099 Other Intergovernmental Charges	116,060	-	-	116,060
6030 Total Expenditures	<u>73,171,510</u>	<u>13,269,371</u>	<u>21,589,884</u>	<u>108,030,765</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,166,439</u>	<u>(869,622)</u>	<u>(825,301)</u>	<u>1,471,516</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	1,000,000	-	2,995	1,002,995
8911 Transfers Out (Use)	(88,207)	-	-	(88,207)
7080 Total Other Financing Sources (Uses)	<u>911,793</u>	<u>-</u>	<u>2,995</u>	<u>914,788</u>
1200 Net Change in Fund Balances	4,078,232	(869,622)	(822,306)	2,386,304
0100 Fund Balance - September 1 (Beginning)	<u>26,370,285</u>	<u>4,167,570</u>	<u>4,465,357</u>	<u>35,003,212</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 30,448,517</u>	<u>\$ 3,297,948</u>	<u>\$ 3,643,051</u>	<u>\$ 37,389,516</u>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 2,386,304
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is a (decrease) to the change in net position.	(1,317,072)
Transactions related to current year capital outlay, bonds payable, and other long-term liabilities, and changes in interest payable and compensated absences are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting, as follows:	8,435,201
<ul style="list-style-type: none"> <li>● Acquisition of capital assets of \$2,491,306.</li> <li>● Principal payments on bonds payable of \$6,555,869.</li> <li>● Accretion on capital appreciation bonds of (\$896,465).</li> <li>● Amortization of bond premium of \$732,336 and loss on refunded debt of (\$483,034).</li> <li>● Changes in interest payable of \$9,060.</li> <li>● Changes in compensated absences of \$26,129.</li> </ul>	
The net effect is an increase to the change in net position.	
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is a (decrease) to the change in net position.	(9,032,578)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, and adjusting current year revenue to show the revenue earned from the current year's tax levy. The net effect of these reclassifications and recognitions is a (decrease) to the change in net position.	(125,765)
Current year changes due to GASB 68 increased revenues in the amount of \$1,697,996 and (increased) expenditures in the amount of (\$4,256,125). The net effect is a (decrease) to the change in net position.	(2,558,129)
Current year changes due to GASB 75 increased revenues in the amount of \$1,110,937 and (increased) expenditures in the amount of (\$1,298,436). The net effect is a (decrease) to the change in net position.	(187,499)
<b>Change in Net Position of Governmental Activities</b>	\$ (2,399,538)

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

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## **Proprietary Funds Financial Statements**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2019

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,941,419
Other Receivables	<u>169,748</u>
Total Assets	<u>3,111,167</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	113,364
Due to Other Funds	246
Accrued Expenses	<u>646,468</u>
Total Liabilities	<u>760,078</u>
NET POSITION	
Unrestricted Net Position	<u>2,351,089</u>
Total Net Position	<u><u>\$ 2,351,089</u></u>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 5,388,368
Total Operating Revenues	<u>5,388,368</u>
OPERATING EXPENSES:	
Payroll Costs	160,762
Professional and Contracted Services	991,499
Other Operating Costs	4,638,391
Total Operating Expenses	<u>5,790,652</u>
Income (Loss) Before Transfers	(402,284)
Transfer In	85,212
Transfers Out	<u>(1,000,000)</u>
Change in Net Position	(1,317,072)
Total Net Position - September 1 (Beginning)	<u>3,668,161</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 2,351,089</u></u>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 5,388,368
Cash Payments to Employees for Services	(160,762)
Cash Payments for Insurance Claims	(5,561,174)
Cash Payments for Suppliers	(85,212)
Net Cash Used for Operating Activities	<u>(418,780)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer In	85,212
Operating Transfer Out	(1,000,000)
Interfund from Other Funds	4,255,795
Net Cash Provided by Non-Capital Financing Activities	<u>3,341,007</u>
Net Increase in Cash and Cash Equivalents	2,922,227
Cash and Cash Equivalents at Beginning of Year	<u>19,192</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,941,419</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (402,284)
Effect of Increases and Decreases in Current Assets and Liabilities:	
(Increase) in Other Receivables	(169,748)
Decrease in Due from Other Funds	151
Increase (Decrease) in Accounts Payable	94,110
Increase (Decrease) in Due to Other Funds	(84,442)
Increase (Decrease) in Accrued Expenses	143,433
Net Cash Used for Operating Activities	<u>\$ (418,780)</u>

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

## **Fiduciary Funds Financial Statements**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2019

EXHIBIT E-1

	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 29,600	\$ 262,917
Total Assets	<u>29,600</u>	<u>\$ 262,917</u>
<b>LIABILITIES</b>		
Accounts Payable	-	\$ 3,516
Due to Other Funds	-	6,766
Due to Student Groups	-	252,635
Payable from Restricted Assets	<u>29,600</u>	<u>-</u>
Total Liabilities	<u>29,600</u>	<u>\$ 262,917</u>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The South San Antonio Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District serves over 8,000 students in 10 elementary schools, 5 middle schools, and 2 high schools.

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 South San Antonio Independent School District, San Antonio, Texas. Members of the Board of Trustees are elected by the public, and have the authority to make decisions, appoint administrators and managers, significantly influence operations, and have the primary accountability for fiscal matters. Accordingly, the District is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board (GASB), Statement No. 61, "The Financial Reporting Entity: omnibus – an amendment of GASB Statements No. 14 and No. 34".

The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB), and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. statement of net position and the statement of activities) displays the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities. All interfund transactions between governmental funds and internal service funds are eliminated in the government-wide statements. 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. Charges for services consist of charges to customers or applicants that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Operating grants and contributions include amounts paid by organizations outside the District that are restricted to meeting the operational requirements of a particular program. Property taxes, State aid-formula grants, and other items not included in program revenues are presented as general revenues. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

from the government-wide financial statements since the District cannot use those funds for District operations. Major individual governmental funds are reported as separate columns in the fund financial statements. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses result from providing services in connection with the internal service funds of the print shop, worker's compensation fund and medical insurance fund. Operating expenses for the internal service funds include the related administrative expenses. All other revenues and expenses are nonoperating.

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. It is a budgeted fund, and fund balances are considered resources available for current operations. General Fund primary revenue sources include property taxes and state foundation funds.

**Debt Service Fund:** The Debt Service Fund accounts for the accumulation of resources for, and the payment of, bonded debt principal and interest. The primary revenue source is local property taxes levied specifically for debt service and state funding. The fund balance of this fund represents amounts that will be used for retirement of bonds and payment of interest in the future. The Debt Service Fund is a budgeted fund.

In addition, the District reports the following fund types:

**Special Revenue Funds:** These funds are used to account for the majority of federal and state funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Unused balances in reimbursement type grant programs are returned to the grantor at the close of specified project periods.

**Capital Projects Fund:** The Capital Projects Fund was established to account for the proceeds from the sale of bonds including earnings on investments of the fund. Proceeds are used for acquiring school sites, constructing and equipping new school facilities, and renovating existing facilities.

**The Internal Service Fund:** This fund is used to account for the financing of services provided by one fund to other funds of the District, on a cost -reimbursement basis. This activity includes the print shop, the worker's compensation fund and the medical insurance fund of the District.



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Included in the Fiduciary Fund type is the Private Purpose Trust fund used to account for assets acquired for purposes of awarding scholarships to qualified students pursuing attendance at institutions of higher education.

Agency Funds: These funds are reported in the fiduciary fund statements and are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). The agency fund consists of funds set aside from fund raising activities of the school sponsored groups (student activities).

3. Measurement Focus Basis of Accounting and Financial Statement Presentation

The government-wide and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The Fiduciary Funds utilize the accrual basis of accounting and the economic resources measurement focus; however, agency funds do not have a measurement focus as they report only assets and liabilities. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange 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. Revenue from property taxes is recognized on the accrual basis in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. For this purpose, the District considers all revenues to be available if the revenues are collected within sixty (60) days after year-end. Expenditures generally are recorded when the related fund liability is incurred, if measurable, except for debt service expenditures, claims and judgments, and compensated absences, which are recognized as expenditures only when payment is due. Property tax revenue and revenues received from the State are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenues 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. General capital asset acquisitions are reported as expenditures in governmental funds.

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Other Accounting Policies

a. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Investments are reported at fair value or when applicable at amortized cost as allowed by GASB 31 and GASB 72.

For the purposes of the Statement of Cash Flows for the Internal Service Funds, funds held in the District's depository accounts and in local government pools are considered cash and cash equivalents.

b. Property Taxes

Property taxes are levied by October 1, on the basis of assessed value as of January 1, 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 and receivable within the current period, and those expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of levy. Allowances for uncollectible tax receivables within the general and debt service funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

Inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture Services but are provided at no cost to the District. Food commodities are used only in the food service program and are recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount based on the values provided.

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

d. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical 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 the life of the asset are not capitalized.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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>
Building Improvements	15-30
Furniture & Equipment	3-7

e. Indirect Expenses

School districts are required to report all expenses by function. General administration and other intergovernmental expenditures reported in functions 41 and 99, respectively, and data processing service expenditures reported in function 53 include indirect expenses of other functions.

f. Compensated Absences

An employee who separates from employment with the District is eligible for reimbursement for state leave after they have been employed with the District for 10 years.

g. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

h. Data Control Codes

Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the resource guide. TEA requires the display of these codes in the financial statements to ensure accuracy in building a state-wide database for policy development and funding plans for Texas school districts.

i. Fund Balance

In the fund financial statements, the District uses the following criteria when classifying fund balance amounts:

Nonspendable – amounts not available for appropriation or legally earmarked for a specific use. Examples include inventories and prepaid items. At August 31, 2019 the amount of \$13,386 disclosed as nonspendable fund balance related to inventory.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted – amounts that have been legally separated for a specific purpose; such as, grants and long-term debt. Bond proceeds not spent are restricted for the intended purpose, similarly grant funds and program income are restricted for the purpose of the programs.

Committed – amounts that require Board action to be used for a specific purpose; such as, certain amounts for construction and capital acquisition. Formal action to commit funds must occur prior to fiscal year end and can only be modified or removed by the same formal action.

Assigned – amounts that do not require Board approval but are intended to be used for a specific purpose, as determined by an official or body to which the Board has delegated authority; such as, the Superintendent. These amounts do not meet the criteria to be classified as restricted or committed.

Unassigned – residual amount in the general fund that is available to finance operating expenditures.

j. Spending Order

Fund balance amounts that are restricted, committed, or assigned are considered to have been spent when an expenditure is incurred for the respective purpose. If an expenditure is incurred that meets the criteria in more than one fund balance category, then the District considers fund balance to be relieved in the following order: restricted, committed, assigned, and then unassigned.

k. Restricted/Unrestricted Resources

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenditures are incurred, there are both restricted and unrestricted resources available. It is the District's policy to first apply cost-reimbursement grant (restricted) resources to such programs.

l. Pensions

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Other Post Employment Benefit (OPEB) Plan

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget Data

The official budget was prepared for adoption for the General Fund, Debt Service Fund and the Child Nutrition Program, a special revenue fund of the District. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- 1) Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) A meeting of the Board is then called for the purpose of adopting the proposed budget. Ten days of public notice of the meeting is required.
- 3) Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The legal level of budgetary control is at the major functional expenditure level by fund type. As required by TEA, annual budgets are adopted for the General Fund, Debt Service and the Child Nutrition Program, on a basis consistent with generally accepted accounting principles. All budget appropriations lapse at year end. Encumbrances are commitments to purchase goods or services that were not fully executed at year end. Encumbrance accounting is used to ensure effective budgetary control and accountability. While encumbrances lapse at year end, valid, outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The original budget was approved by the Board on August 22, 2018. The budget may be amended by management without Board approval within a major functional expenditure category and can be amended at the function and fund level only by approval of a majority of the members of the Board. Amendments at the function and fund level are presented to the Board at its regular meetings. Such amendments, required to be made before the fact, are reflected in the official minutes of the Board and are made before the fiscal year end as required by law.

The budget amounts included in this report reflect various amendments made by management or adopted by the Board throughout the year through the final amended budget, which was approved by the Board on August 21, 2019.

B. Excess of Expenditures over Appropriations

During the year, the budget was properly amended in accordance with the above procedures; however, the District exceeded the budget in the general fund for Function 23 School Leadership by \$23,585.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and cash equivalents of \$48,162,352 are comprised of the following:

	Governmental Funds					
	Major Funds			Total	Proprietary Funds	Grand Total
	General Fund	Debt Service Fund	Other Non-Major Funds			
Cash and Cash Equivalents:						
Demand Accounts	\$ (475,621)	\$ 1,001,127	\$ 4,808,426	\$ 5,333,932	\$ 42,601	\$ 5,376,533
Cash on Hand	4,000	-	1,110	5,110	-	5,110
Investment Pools	36,707,228	2,952,103	222,560	39,881,891	2,898,818	42,780,709
Total	\$ 36,235,607	\$ 3,953,230	\$ 5,032,096	\$ 45,220,933	\$ 2,941,419	\$ 48,162,352

Deposits

The District's funds are required to be deposited under the terms of a depository contract or invested under the terms of the Public Funds Investment Act (PFIA). The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis. The pledge of approved securities is waived only to the extent of the depository bank's Federal Deposit Insurance Corporation (FDIC) insurance. Deposits were held with the contracted depository bank in demand and interest-bearing accounts. Deposits were secured at the balance sheet date by FDIC coverage and pledged U.S. Government securities held by the Bank of New York Mellon in the District's name. Funds were properly secured with pledged collateral at all times during the year.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS

The following is disclosed:

- a. Name of Contracted Depository Bank: Wells Fargo
- b. The highest combined balances of cash, savings, and time deposit accounts at the Wells Fargo Bank amounted to \$16,572,143 and occurred during December 2018.
- c. Total amount of FDIC coverage at the time of largest combined balance was \$384,598.
- d. The amount of securities pledged as of the date of the highest combined balance on deposit was \$16,435,196.

At August 31, 2019, the carrying amount of the District's deposits was \$5,376,533 and the bank balance was \$6,263,186. The District's cash deposits at August 31, 2019 and during the year ended August 31, 2019 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The fiduciary funds report the following balances as of August 31, 2019:

	Fiduciary Funds		
Fiduciary Funds	Agency Funds	Agency Funds	Total
Private Purpose Trust	Student Activity Funds		
Cash and Cash Equivalents:			
Demand Accounts	\$ 29,600	\$ 262,917	\$ 292,517
Total	\$ 29,600	\$ 262,917	\$ 292,517

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. The 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 of the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Temporary investments consist of funds invested in local government investment pools as described below. The investment pools used by the District are organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments.

The District's investments in investment pools, which are exempt from regulation by the Securities and Exchange Commission, have as one of their objectives the maintenance of a stable net asset value of \$1.00. The book value of the position in the pools is the same as the number of shares in each pool; the market value of a share should approximate the book value of a share.

GASB Statement No. 31 provides an exception to the fair value reporting for investments in external pools that operate as "2a7-like" pools. The exception applies to portfolio securities held by external investment pools and allows the use of amortized cost rather than market value to report net assets to compute share prices.

Texas Local Government Investment Pool (TexPool): operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares and does not include any unrealized gains and losses.



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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

TexPool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poors. As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Poors, as well as the Office of the Comptroller of Public Accounts for review. Financial information for TexPool can be accessed on the Internet (<http://www.texpool.com>).

Lone Star Investment Pool (the Lone Star Pool): The Lone Star Pool's Corporate overnight plus and Government overnight fund operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the fair value of the District's position in the Lone Star Pool is the same as the value of the Lone Star Pool's shares and does not include any unrealized gains and losses.

The Lone Star Pool is governed by an eleven-member Board of Trustees (Board) made up of active participants in the Lone Star Pool. The Board has the responsibility of adopting and monitoring compliance with the investment policy, appointing investment officers, overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. The Board is also responsible for monitoring performance of the Lone Star Pool. In addition, Standard and Poor's has assigned its "AAA" bond fund risk rating and "AAAF" credit quality rating to the Lone Star Pool's Corporate overnight and Government overnight fund, respectively.

The "AAA" rating is the highest possible ranking and indicates each fund's low sensitivity to changing market conditions. The "AAAF" credit quality rating reflects the high credit quality of the corporate overnight plus and the government overnight fund's eligible investments and counterparts. Standard and Poor's reviews investments of the corporate overnight plus and government overnight fund monthly. Financial information for the Lone Star Pool can be obtained by writing 12007 Research Blvd., Austin, TX 78759 or by calling 1-800-558-8875.

The Texas Term Local Government Investment Pool (TexasTERM) is a local government investment pool organized under the authority of the interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexasTERM is administered by PFM Asset Management LLC which also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares. The District's investments are held in the Texas DAILY fund, a money market portfolio. Texas DAILY is rated "AAAM" by Standard & Poor's.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with its policy, one of the ways the District manages its exposure to interest rate risk is by investing in investment pools which have no stated maturity date; therefore, the funds are available to meet operational needs. Information about the District's investments is provided by the table below that shows the specific investments and their maturity as of August 31, 2019.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized financial rating organization. Presented below is the minimum rating required (where applicable) by the District's investment policy and the Act and the actual rating as of August 31, 2019 for each investment.

As of August 31, 2019, the District had the following investments:

Investment	Fair Value	Weighted Average Maturity (Days)	** Standard & Poors Rating
The Lone Star Pool	\$ 42,582,414	1	AAA
Texpool	36,641	1	AAAm
Texas TERM	161,654	1	AAAm
Total	<u>\$ 42,780,709</u>		

\*\* – Minimum Legal Rating Requirement is AAA

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Act, the District's investment policy, and Government Code Chapter 2257, Collateral for Public Funds, contain legal or policy requirements that would limit the exposure to custodial risk for deposits or investments. To be eligible to receive funds from and invest funds on behalf of an entity under this Chapter, a public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily and, to the extent reasonably possible, stabilize at a \$1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

GASB Statement 72 regarding Fair Value Measurement and Application for financial reporting purposes categorizes financial instruments within three different levels of risk dependent upon the measure of their fair value and pricing.

Because the investments are restricted by Policy and state law to active secondary market, when applicable the market approach is being used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

The exit or fair market prices used for these fair market valuations when applicable represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

The District has adopted GASB 72. As of August 31, 2019; however, in accordance with GASB 72 as amended, the District reports its investments in local government pools at amortized cost.

B. Due To/From Other Funds and Interfund Transfers

1. Balances due to and due from other funds at August 31, 2019 consisted of the following:

	Due From	Due To	
General Fund:			
Debt Service Fund	\$ -	\$ (53,452)	
Non-Major Funds	2,255,303	-	
Internal Service Fund	246	-	
Agency Fund	6,766	-	
Total	2,262,315	(53,452)	
Debt Service Fund:			
General Fund	53,452	-	
Total	53,452	-	
Non-Major Funds:			
General Fund	-	(2,255,303)	
Non-Major Funds	120	(120)	
Total	120	(2,255,423)	
Total Governmental Funds	\$ 2,315,887	\$ (2,308,875)	
Internal Service Fund:			
General Fund	\$ -	\$ (246)	
Total	\$ -	\$ (246)	
Agency Fund:			
General Fund	\$ -	\$ (6,766)	
Total	\$ -	\$ (6,766)	
Grand Total	\$ 2,315,887	\$ (2,315,887)	

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

The Due From balances in the General Fund is the result of utilizing a pooled cash account. As funds are expended for the benefit of the Non-Major Special Revenue Funds, the District subsequently submits, a reimbursement from the grantor and funds are reimbursed. The Due From balances in the General Fund from the internal service fund and from the Agency fund are the result of temporary lending between funds.

The Due From balances in the Debt Service and the non-major funds are the result of temporary lending between funds.

2. Interfund Transfers

The District transferred \$1,000,000 from the Worker’s Compensation Fund to the General Fund to support the re-opening of schools as directed by the Board. In addition, the District transferred \$85,207 and \$2,995 to clear the deficits of the Print Shop Internal Service Fund and the YWLA Non-Major fund, respectively, and to appropriately close the funds.

C. Receivables from Other Governments

The District participates in a variety of local and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation, per Capita Programs and the Instructional Facilities and Existing Debt Allotment. Amounts due from state, federal and local governments as of August 31, 2019 are summarized below.

	General Fund	Other Non- Major Funds	Total
State Funds	\$ 3,091,662	\$ 376,771	\$ 3,468,433
Federal Grants	-	2,628,937	2,628,937
Other	109,990	-	109,990
	\$ 3,201,652	\$ 3,005,708	\$ 6,207,360

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the year ended August 31, 2019 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,796,842	\$ -	\$ -	\$ 2,796,842
Construction in Progress	-	468,200		468,200
Total Capital Assets, Not Being Depreciated	<u>2,796,842</u>	<u>468,200</u>	<u>-</u>	<u>3,265,042</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	280,371,146	64,562	-	280,435,708
Equipment and Vehicles	16,940,170	1,958,544	-	18,898,714
Total Capital Assets, Being Depreciated	<u>297,311,316</u>	<u>2,023,106</u>	<u>-</u>	<u>299,334,422</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(117,519,603)	(8,524,560)	-	(126,044,163)
Equipment and Vehicles	(14,183,855)	(508,018)	-	(14,691,873)
Total Accumulated Depreciation	<u>(131,703,458)</u>	<u>(9,032,578)</u>	<u>-</u>	<u>(140,736,036)</u>
Total Capital Assets, Being Depreciated, Net	<u>165,607,858</u>	<u>(7,009,472)</u>	<u>-</u>	<u>158,598,386</u>
Governmental Activities Capital Assets, Net	<u>\$ 168,404,700</u>	<u>\$ (6,541,272)</u>	<u>\$ -</u>	<u>\$ 161,863,428</u>

Depreciation expense of the governmental activities was charged to the functions as follows:

Function	Amount
Instruction	\$ 5,898,912
Instructional Resources and Media Services	161,463
Curriculum and Instructional Staff Development	20,277
Instructional Leadership	154,300
School Leadership	598,859
Guidance, Counseling and Evaluation Services	310,209
Health Services	110,690
Student (Pupil) Transportation	375,939
Food Services	218,035
Extracurricular Activities	144,474
General Administration	200,166
Plant Maintenance and Operations	714,458
Security and Monitoring Services	52,392
Data Processing Services	68,812
Community Services	3,592
Total Depreciation Expense	<u>\$ 9,032,578</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Deferred Outflows / Inflows of Resources

Deferred Outflows of Resources represents a consumption of net position that applies to a future period(s) and; therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred Inflows of Resources represents an acquisition of net position that applies to a future period(s) and accordingly will not be recognized as an inflow of resources (revenues) until that time.

The District reports Deferred Resource Outflows and Deferred Resource Inflows in the Statement of Net Position as of August 31, 2019 as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Charge for Refunding of Debt	\$ 6,703,524	\$ -
District's Share of Resources related to TRS Pension	17,099,120	(2,328,505)
District's Share of Resources related to TRS OPEB	3,268,079	(13,855,346)
Reported by the District as of August 31, 2019	\$ 27,070,723	\$ (16,183,851)

At August 31, 2019, unavailable revenues reported as deferred inflows of resources in the governmental funds were as follows:

	Major Funds			Total Governmental Funds
	General Fund	Debt Service Fund		
Property Tax Receivable	\$ 1,473,170	\$ 572,899	\$	2,046,069
Allowance for Uncollectible Taxes	(147,317)	(57,290)		(204,607)
Sixty Day Tax Accrual	(116,323)	(45,721)		(162,044)
Deferred Inflows of Resources related to Property Taxes	\$ 1,209,530	\$ 469,888	\$	1,679,418

The unavailable revenue of \$1,679,418 relates to uncollected property taxes, which are not susceptible to accrual based on the modified accrual basis of accounting.

F. Due to Other Governments

The District participates in a variety of local and state programs from which it receives grants to partially or fully finance certain activities.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Amounts due to state and local governments as of August 31, 2019 are summarized below:

	General Fund	Debt Service Fund	Other Non-Major Funds	Total
State	\$ 5,260,973	\$ 754,455	\$ -	\$ 6,015,428
Federal	-	-	507	507
Other	4,286	-	-	4,286
	<u>\$ 5,265,259</u>	<u>\$ 754,455</u>	<u>\$ 507</u>	<u>\$ 6,020,221</u>

G. Long-Term Obligations

1. Long-Term Obligation Activity

Description	Original Issue Amount	Final Maturity	Interest Rate Payable	Amount Outstanding 09/01/18	Issued	Retired	Amount Outstanding 08/31/19	Amount Due Within One Year
Unlimited Tax School Building Bonds:								
Series 2005	\$ 40,500,000	2022	3.25 - 5%	\$ 7,510,000	\$ -	\$ -	\$ 7,510,000	\$ -
Series 2010- BA	26,095,000	2027	4.607-5.29%	26,095,000	-	-	26,095,000	-
Unlimited Tax Qualified School Construction Bonds								
Series 2010	9,785,000	2027	5.19%	9,785,000	-	-	9,785,000	-
Unlimited Tax School Refunding Bonds:								
Series 2010	23,475,000	2029	4 - 5%	12,545,000	-	(3,340,000)	9,205,000	3,505,000
Series 2011	8,680,000	2028	3 - 3.6%	8,320,000	-	(135,000)	8,185,000	135,000
Series 2012	8,390,000	2032	3 - 3.5%	8,390,000	-	-	8,390,000	-
Series 2012A	24,815,000	2029	3 - 4.25%	17,845,000	-	(1,355,000)	16,490,000	1,400,000
Series 2013	18,465,000	2035	2 - 5%	18,465,000	-	-	18,465,000	-
Series 2014	25,835,000	2034	4 - 5%	25,380,000	-	-	25,380,000	-
Total Bonds Issued				<u>134,335,000</u>	-	<u>(4,830,000)</u>	<u>129,505,000</u>	<u>5,040,000</u>
Capital Appreciation Bonds:								
Series 2010	22,116,909	2035	3.25 - 5.02%	22,116,909	-	(1,725,869)	20,391,040	1,671,187
Series 2014	455,000	2022	2.44%	130,000	-	-	130,000	-
Series 2011	4,990	2023	3.50%	4,990	-	-	4,990	-
Total Capital Appreciation Bonds				<u>22,251,899</u>	-	<u>(1,725,869)</u>	<u>20,526,030</u>	<u>1,671,187</u>
Grand Total				<u>\$ 156,586,899</u>	<u>\$ -</u>	<u>\$ (6,555,869)</u>	<u>\$ 150,031,030</u>	<u>\$ 6,711,187</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2019, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 6,711,187	\$ 6,592,053	\$ 13,303,240
2021	6,881,515	6,490,949	13,372,464
2022	6,053,475	7,465,539	13,519,014
2023	5,995,144	7,592,270	13,587,414
2024	8,593,000	5,058,040	13,651,040
2025-2029	44,817,782	23,753,718	68,571,500
2030-2034	36,713,884	33,117,158	69,831,042
2035-2037	34,265,043	4,765,195	39,030,238
Total Payments	<u>\$ 150,031,030</u>	<u>\$ 94,834,922</u>	<u>\$ 244,865,952</u>

3. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds Payable	\$ 156,586,899	\$ -	\$ (6,555,869)	\$ 150,031,030	\$ 6,711,187
Net Issuance Premiums (Discounts)	10,972,414	-	(732,336)	10,240,078	732,336
Accreted Interest	9,650,202	896,465	-	10,546,667	-
Compensated Absences	1,266,420	141,774	(167,903)	1,240,291	-
Total Governmental Activities	<u>\$ 178,475,935</u>	<u>\$ 1,038,239</u>	<u>\$ (7,456,108)</u>	<u>\$ 172,058,066</u>	<u>\$ 7,443,523</u>

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due.

Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Interest expense was \$6,690,756 for the year ended August 31, 2019.

The general fund is typically used to liquidate other long-term liabilities.



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments of \$420,438 as of August 31, 2019.

I. Revenues from Local and Intermediate Sources

Revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Other Funds	Total Governmental Funds	Internal Service Fund
Property Taxes	\$ 18,112,141	\$ 7,153,549	\$ -	\$ 25,265,690	\$ -
Penalties and Interest	253,000	107,875	-	360,875	-
Tuition and Fees	860	-	-	860	-
Investment Income	1,047,050	73,009	9,607	1,129,666	103,962
Food Sales	-	-	241,355	241,355	-
Athletic Activities	113,537	-	-	113,537	-
Rent	54,515	-	-	54,515	-
Insurance Recovery	310,928	-	-	310,928	-
Gifts and Bequests	-	-	49,971	49,971	-
Other Revenue	240,861	-	395,860	636,721	5,284,406
Shared Service Arrangement	-	-	283,388	283,388	-
<b>Total Governmental Activities</b>	<b>\$ 20,132,892</b>	<b>\$ 7,334,433</b>	<b>\$ 980,181</b>	<b>\$ 28,447,506</b>	<b>\$ 5,388,368</b>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

J. Revenues from Federal Sources

For the year ended August 31, 2019, revenues from federal programs included in the General Fund consisted of the following:

Program or Source	CFDA Number	Amount
Junior ROTC Program	12, Unknown	\$ 53,348
School Health & Related Services Program	N/A	1,382,150
Medicaid Administrative Claiming Program	93.778	42,239
E-Rate Program	N/A	295,558
Tax Bond Subsidy	N/A	964,900
Summer School LEP	84.369A	5,007
Indirect Costs		
Head Start	93.600	51,761
Title I, Part A	84.010A	100,741
Title I, Part C Migrant	84.011A	3,124
IDEA Part B Formula	84.027A	86,133
IDEA Part B Preschool	84.173A	1,328
Carl D. Perkins Basic Formula for CATE	84.048A	3,564
Title II, Supporting Effective Instruction	84.367A	15,448
Title III, A English Language Acquisition	84.365A	3,397
School Climate Transformation Project	84.184	71,622
Total		<u>\$ 3,080,320</u>

Indirect cost revenues were determined by applying approved indirect cost rates to actual applicable expenditures of federally funded grant programs.

K. Pension Plan

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

**Pension Plan Fiduciary Net Position.** Detailed information about the TRS’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) 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. The information provided in the Notes to the Financial Statements in the TRS 2018 CAFR provides the following information regarding the Plan’s fiduciary net position at August 31, 2018.

Net Pension Liability	Total
Total Pension Liability	\$ 209,611,328,793
Less: Plan Fiduciary Net Position	(154,568,901,833)
Net Pension Liability	\$ 55,042,426,960
Net Position as a percentage of Total Pension Liability	73.74%

**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 above.

**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 TRS members 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’s 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 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 85<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Contribution Rates & Amounts	
	2019	2018
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE) (State)	6.8%	6.8%
Employer	6.8%	6.8%
Employer (District) Contributions (2)	\$ 2,040,584	\$ 2,048,750
Member (Employee) Contributions (1)	\$ 4,456,889	\$ 4,553,582
NECE On-Behalf Contributions (2)	\$ 2,600,952	\$ 2,656,711

(1) Amounts obtained from District's records.

(2) 2018 amounts provided by TRS; 2019 amounts obtained from District's records.

Contributions to the Plan include members, employers, and the State of Texas, as the only NECE. The State contributes to the Plan in accordance with state statutes and the GAA.

As the NECE for public education, the State of Texas contributes to the Plan an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year, reduced by the amounts described below which are paid by the employers. Employers, including public schools, are required to pay the employer contribution rate in the following instances:

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

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

- When employing a retiree of the Plan, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district 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.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

**Actuarial Assumptions.** The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term Expected Investment Rate of Return	7.25%
Municipal Bond Rate*	3.69%
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad hoc Post-Employment Benefit Changes	None

\* Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year MunicipalGO AA Index."

The actuarial methods and assumptions are primarily based on a study of actual experience for the three-year period ending August 31, 2017 and adopted in July 2018.

**Discount Rate.** The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension investments of 7.25% and a municipal bond rate of 3.69%. 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 Plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on the pension plan investments was applied to benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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 arithmetic real rates of return for each major asset class included in the TRS's target asset allocation as of August 31, 2018 are summarized below:

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Asset Class	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
U.S.	18%	5.7%	1.0%
Non-U.S. Developed	13%	6.9%	0.9%
Emerging Markets	9%	8.9%	0.8%
Directional Hedge Funds	4%	3.5%	0.1%
Private Equity	13%	10.2%	1.3%
<b>Stable Value</b>			
U.S. Treasuries	11%	1.1%	0.1%
Absolute Return	-	-	-
Stable Value Hedge Funds	4%	3.1%	0.1%
Cash	1%	-0.3%	-
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.7%	-
Real Assets	14%	5.2%	0.7%
Energy and Natural Resources	5%	7.5%	0.4%
Commodities	-	-	-
<b>Risk Parity</b>			
Risk Parity	5%	3.7%	0.2%
Inflation Expectation	-	-	2.30%
Volatility Drag***	-	-	-0.8%
<b>Total</b>	<b>100%</b>		<b>7.1%</b>

\* Target allocations are based on the FY 2016 policy model.

\*\* Capital market assumptions come from Aon Hewitt (2017 Q4)

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

**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 (6.907%) in measuring the 2018 Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
District's proportionate share of the net pension liability:	\$ 50,521,518	\$ 33,474,812	\$ 19,674,492

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At August 31, 2019, the District reported a liability of \$33,474,812 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	\$ 33,474,812
State's proportionate share that is associated with the District	<u>43,435,411</u>
Total	<u>\$ 76,910,223</u>

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. The employer's proportion of the net pension liability was based on the employer's contributions to the Plan relative to the contributions of all employers to the Plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018, the District's proportion of the collective net pension liability was .0608163805% which was a decrease of (.0016314362%) from its proportion measured as of August 31, 2017.

**Changes Since the Prior Actuarial Valuation** - The changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

For the year ended August 31, 2019, the District recognized pension expense of \$2,558,129; and, \$2,600,952 of revenues and expenses for support provided by the State.

At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amount
Differences between expected and actual economic experience	\$ 208,655	\$ (821,340)	\$ (612,685)
Changes in actuarial assumptions	12,069,282	(377,165)	11,692,117
Differences between projected and actual investment earnings	-	(635,161)	(635,161)
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,780,599	(494,839)	2,285,760
Total as of August 31, 2018 measurement date	<u>\$ 15,058,536</u>	<u>\$ (2,328,505)</u>	<u>\$ 12,730,031</u>

The above 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 Ending August 31,	Pension Expense Amount
2020	\$ 3,400,578
2021	2,063,935
2022	1,719,463
2023	2,250,155
2024	2,029,162
Thereafter	1,266,738
Total	<u>\$ 12,730,031</u>

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Totals as of the August 31, 2018 measurement date	\$ 15,058,536	\$ (2,328,505)
Contributions paid to TRS subsequent to the measurement date	2,040,584	-
Total as reported at August 31, 2019	<u>\$ 17,099,120</u>	<u>\$ (2,328,505)</u>



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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

N. DEFINED OTHER POST EMPLOYMENT BENEFIT PLAN

**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 OPEB Plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

**OPEB Plan Fiduciary Net Position.** Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report (CAFR) 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, 2018 are as follows:

Net OPEB Liability	Total
Total OPEB Liability	\$ 50,729,490,103
Less: Plan Fiduciary Net Position	(798,574,633)
Net OPEB Liability	\$ 49,930,915,470
Net Position as a percentage of Total OPEB Liability	1.57%

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

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

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

The premium rates for the optional health insurance are based on the member's years of service. The schedule below shows the monthly rates for a retiree with 20 to 29 years of service; and, with and without Medicare coverage.

<b>TRS-Care Plan Premium Rates</b>		
Effective January 1, 2018 – December 31, 2018		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the member's salary. Section 1575.203 establishes the active member's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% and not more than 0.75% of the salary of each active member. The actual employer contribution rate is prescribed by the Texas Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates & Amounts	
	2019	2018
Member	0.65%	0.65%
Non-Employer Contributing Entity (NECE) (State)	1.25%	1.25%
Employer	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%
Employer Contributions (2)	\$ 539,256	\$ 539,124
Member Contributions (1)	\$ 376,231	\$ 443,602
NECE On-behalf Contributions (2)	\$ 619,446	\$ 656,329

(1) Amounts obtained from District's records.

(2) 2018 amounts provided by TRS; 2019 amounts obtained from District's records.

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

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For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. The 85<sup>th</sup> Texas Legislature, House Bill 30 provided an additional \$212 million in one-time supplemental funding for fiscal years 2018-19 biennium to continue to support the program. This was also received in fiscal year 2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

**Actuarial Assumptions.** The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions and other inputs used for members of TRS-Care and are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

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 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate**	3.69%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases*	3.05% to 9.05%
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 Charges	None

\* includes inflation of 2.3%

\*\* Sourced from 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, 2018.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

**Discount Rate.** A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of .27 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used(3.69%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.69%)	Current Single Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
District’s proportionate share of the net OPEB liability:	\$ 46,448,470	\$ 39,021,061	\$ 33,145,502

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At August 31, 2019, the District reported a liability of \$39,021,061 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	\$	39,021,061
State’s proportionate share that is associated with the District		47,571,974
Total	\$	86,593,035

The Net OPEB Liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018, the District’s proportion of the collective Net OPEB Liability was 0.0781501017% which was a decrease of (.0027616306%) from its proportion measured as of August 31, 2017.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

**Healthcare Cost Trend Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the assumed healthcare cost trend rate used was 1% less than and 1% greater than the assumed healthcare cost trend rate of 8.5%.

	1% Decrease in Healthcare Cost Trend Rate (7.5%)	Current Healthcare Cost Trend Rate (8.5%)	1% Increase in Healthcare Cost Trend Rate (9.5%)
District's proportionate share of the net OPEB liability:	\$ 32,407,627	\$ 39,021,061	\$ 47,731,097

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

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate was changed from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.
- Change of Benefit Terms Since the Prior Measurement Date – Please refer to pages 67-68 for the notes to the Schedule of the District's Proportionate Share of the Net OPEB Liability (Exhibit G-8) for changes of benefit terms since the prior measurement date.

For the year ended August 31, 2019, the District recognized OPEB expense of \$187,499; and, \$619,446 of revenues and expenses for support provided by the State.

At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amount
Differences between expected and actual economic experience	\$ 2,070,703	\$ (615,810)	\$ 1,454,893
Changes in actuarial assumptions	651,156	(11,723,590)	(11,072,434)
Differences between projected and actual investment earnings	6,824	-	6,824
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	140	(1,515,946)	(1,515,806)
Total as of August 31, 2018 measurement date	\$ 2,728,823	\$ (13,855,346)	\$ (11,126,523)

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

Year Ending August 31,	OPEB Expense Amount
2020	\$ (1,724,337)
2021	(1,724,337)
2022	(1,724,337)
2023	(1,725,627)
2024	(1,726,365)
Thereafter	(2,501,520)
Total	\$ (11,126,523)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Totals as of the August 31, 2018 measurement date	\$ 2,728,823	\$ (13,855,346)
Contributions paid to TRS subsequent to the measurement date	539,256	-
Total as reported at August 31, 2019	\$ 3,268,079	\$ (13,855,346)

L. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2019, 2018, and 2017, the subsidy payments received by TRS-Care on behalf of the District were \$228,947, \$194,067, and \$185,082, respectively.

N. Employee Health Care Coverage

Employees of the District were covered by a health insurance plan through November 1, 2018. The District paid premiums of \$339 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

As of November 1, 2018, the District's employee health benefits, including medical and pharmacy became partially self-funded. To protect the self-funded medical and pharmacy benefit plan assets, the District has in place a stop-loss coverage with the contracted administrator of the plan. The Individual Stop Loss (ISL) policy protects the District from catastrophic claims that exceed \$200,000 per covered person and aggregate protection at 115% of expected claims.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

The provision for unpaid self-funded medical losses at August 31, 2019, in the amount of \$273,800 is reported in current liabilities as part of claims payable in the Internal Service funds Statement of Net Position. The estimated liability is based upon actual prior claims cost experience and projected time lags (less than 60 days) in settling such claims and actual claims paid after year end attributable to the year ended August 31, 2019. All premiums collected are accounted for as expenditures in the operating funds affected.

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

2. Litigation

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provisions for losses have been recorded.

3. Construction Contracts

The District is obligated under certain construction contracts in the amount of \$546,348 as of August 31, 2019.

P. Shared Services Arrangement – Fiscal Agent

The District is the fiscal agent for a shared services arrangement (SSA) which provides services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund. Revenues of the SSA are summarized below:

Member Districts	Revenues
Natalia ISD	\$ 6,550
Pleasanton ISD	27,842
Harlandale ISD	49,875
Somerset ISD	17,752
Southside ISD	59,662
Southwest ISD	<u>121,707</u>
Total	<u>\$ 283,388</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Q. Risk Management

1. Auto, Liability, and Property Programs

During the year ended August 31, 2019, the District participated in the TASB Risk Management Fund (the "Fund") programs: Auto Liability, Auto Physical Damage, Legal Liability, Privacy & Information Security, and Property.

The Fund was created and is operated under the provisions 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 its Auto, Liability and Property Programs. 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 reserves and fully funds those reserves. For the year ended August 31, 2019, the Fund anticipates that the District has no additional liability beyond the contractual obligation 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, 2018, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

2. Unemployment Compensation Pool

During the year ended August 31, 2019, the District provided unemployment compensation coverage to its employees through participation in the Texas Association of School Board's 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.

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

For the year ended August 31, 2019, the Fund anticipates the District has no additional liability beyond the contractual obligation for payment of contributions.



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2018, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

The District reports risk management activities in the general fund.

There were no significant reductions in coverage from the past fiscal year and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

R. Worker’s Compensation

The District utilizes an internal service fund to account for the worker’s compensation self-insurance fund. During fiscal year 2019, a total of \$313,093 was incurred in benefits and operating costs. An excess coverage insurance policy covers individual claims in excess of \$400,000 up to a maximum limit of \$1,000,000 for any one event.

The District holds aggregate excess insurance as follows:

Estimated Manual Premium: \$273,550

Minimum Loss Fund for the Liability Period: \$1,215,930

Claims payable reported in the amount of \$372,668 was actuarially determined based on the requirements of GASB Statement No. 10 as amended by GASB Statement No. 30 which requires that a liability for claims be reported if information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. The liability includes provisions for the following:

- Reserves on open claims on an individual case basis
- The expected ultimate value of future development on reported claims
- The expected ultimate value of claims yet to be reported
- The expected ultimate value of reopened claims
- The allocated loss adjustment expenses; and
- Net of projected recoveries from excess insurance, salvage, and subrogation.

The estimated liability includes an estimate of claims that have been incurred but not reported. At year end, the amount of the liability for the self-insurance program is \$372,668.

Fiscal Year	Beginning of Year Liability	Current Year Claims	Claims Payments and Changes in Estimates	End of Year Liability
2017-2018	\$ 544,847	\$ 316,105	\$ 357,917	\$ 503,035
2018-2019	\$ 503,035	\$ 165,321	\$ 295,688	\$ 372,668

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

S. Deficit Unrestricted Net Position/Deficit Fund Balances

The deficit unrestricted net position of \$42,565,788 in the governmental activities results from the effects of the recognition of GASB Statement No. 68 and GASB Statement No. 75.

The District Medical Insurance internal service fund implemented in fiscal year 2019 reports a deficit unrestricted net position of \$193,155. The deficits will be eliminated as resources are obtained (e.g. increases in user charges and/or transfers in from other funds). The District plans to continue to monitor operating costs and where possible implement cost containment strategies for medical insurance.

T. Subsequent Event

In October 2019, the District sold \$39,005,000 Unlimited Tax Refunding Bonds, Series 2019 (Series 2019) bonds issued with a premium of \$3,803,876. These bonds were issued pursuant to an Order of the Board of Trustees adopted on October 16, 2019. The Series 2019 bonds scheduled due dates are as follows: the Series 2019A \$11,460,000 Serial Bonds are due on August 15, 2029 with an interest rate of 4%. The 2019B Series \$18,360,000 Term Bonds are due on August 15, 2034 with an interest rate of 4%. The 2019C Series \$9,185,000 Term Bonds are due on August 15, 2029 with an interest rate starting at 3.5% then going to 4% in 2022. Interest on the bonds accrue from the closing date of October 16, 2019 and are payable on each February 15 and August 15 thereafter, commencing on February 15, 2020 until maturity or prior redemption. The District reserves the right, at its option, to redeem Series 2019B Bonds having stated maturities on and after August 15, 2031, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2030 or any date thereafter, at par value thereof plus accrued interest to the date of redemption. Interest on the Bonds will accrue from October 31, 2019, and will be payable on February 15 and August 15 each year, commencing February 15, 2020, until stated maturity or prior redemption.

**REQUIRED SUPPLEMENTARY INFORMATION**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(GAAP BASIS)	Positive or (Negative)
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 18,298,363	\$ 19,759,520	\$ 20,132,892	\$ 373,372
5800 State Program Revenues	50,841,470	53,605,127	53,124,737	(480,390)
5900 Federal Program Revenues	2,745,566	2,815,044	3,080,320	265,276
5020 Total Revenues	71,885,399	76,179,691	76,337,949	158,258
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	42,804,618	43,477,726	41,642,939	1,834,787
0012 Instructional Resources and Media Services	916,720	1,328,720	998,408	330,312
0013 Curriculum and Instructional Staff Development	608,343	766,055	650,999	115,056
0021 Instructional Leadership	1,352,175	1,294,033	665,451	628,582
0023 School Leadership	4,464,801	5,188,275	5,211,860	(23,585)
0031 Guidance, Counseling and Evaluation Services	2,548,299	2,798,607	2,689,210	109,397
0032 Social Work Services	315,426	365,426	259,833	105,593
0033 Health Services	1,441,824	1,371,824	1,276,724	95,100
0034 Student (Pupil) Transportation	1,755,987	2,318,987	1,880,700	438,287
0036 Extracurricular Activities	2,125,018	2,000,018	1,792,714	207,304
0041 General Administration	2,790,681	2,806,681	2,349,159	457,522
0051 Facilities Maintenance and Operations	8,391,314	10,229,314	8,879,720	1,349,594
0052 Security and Monitoring Services	843,198	1,312,198	1,200,187	112,011
0053 Data Processing Services	2,134,071	2,540,716	1,943,217	597,499
0061 Community Services	78,221	461,053	371,494	89,559
Capital Outlay:				
0081 Facilities Acquisition and Construction	900,000	2,900,274	1,235,092	1,665,182
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	20,309	20,309	7,743	12,566
0099 Other Intergovernmental Charges	125,000	125,000	116,060	8,940
6030 Total Expenditures	73,616,005	81,305,216	73,171,510	8,133,706
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,730,606)	(5,125,525)	3,166,439	8,291,964
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	1,000,000	1,000,000	-
8911 Transfers Out (Use)	-	(88,208)	(88,207)	1
7080 Total Other Financing Sources (Uses)	-	911,792	911,793	1
1200 Net Change in Fund Balances	(1,730,606)	(4,213,733)	4,078,232	8,291,965
0100 Fund Balance - September 1 (Beginning)	26,370,285	26,370,285	26,370,285	-
3000 Fund Balance - August 31 (Ending)	\$ 24,639,679	\$ 22,156,552	\$ 30,448,517	\$ 8,291,965

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.060816381%	0.062447817%	0.059475179%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 33,474,812	\$ 19,967,448	\$ 22,474,786
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	43,435,411	29,289,547	36,147,509
Total	<u>\$ 76,910,223</u>	<u>\$ 49,256,995</u>	<u>\$ 58,622,295</u>
District's Covered Payroll	\$ 59,140,280	\$ 60,094,300	\$ 56,912,759
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	56.60%	33.23%	39.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only five years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

<u>FY 2016</u>		<u>FY 2015</u>	
<u>Plan Year 2015</u>		<u>Plan Year 2014</u>	
	0.0581993%		0.0449481%
\$	20,572,678	\$	12,006,259
	34,992,059		30,308,470
<u>\$ 55,564,737</u>		<u>\$ 42,314,729</u>	
\$	57,694,241	\$	57,694,241
	35.66%		20.81%
	78.43%		83.25%

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2019

	2019	2018	2017
Contractually Required Contribution	\$ 2,040,584	\$ 2,077,722	\$ 1,977,312
Contribution in Relation to the Contractually Required Contribution	2,040,584	2,077,722	1,977,312
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 57,881,610	\$ 59,240,180	\$ 62,046,102
Contributions as a Percentage of Covered Payroll	3.53%	3.51%	3.19%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."



<hr/>	
2016	2015
<hr/>	
\$ 1,889,677	\$ 1,817,619
1,889,677	1,817,619
<hr/>	
\$ -	\$ -
<hr/> <hr/>	
\$ 60,094,300	\$ 56,912,759
3.14%	3.19%

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.078150102%	0.080911732%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 39,021,061	\$ 35,185,477
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	47,571,974	47,559,318
Total	<u>\$ 86,593,035</u>	<u>\$ 82,744,795</u>
District's Covered Payroll	\$ 59,140,280	\$ 62,046,102
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	65.98%	56.71%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	.91%

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2019

	2019	2018
Contractually Required Contribution	\$ 539,256	\$ 477,293
Contribution in Relation to the Contractually Required Contribution	539,256	477,293
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Payroll	\$ 57,881,610	\$ 59,140,280
Contributions as a Percentage of Covered Payroll	0.93%	0.81%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended August 31, 2019

Following are notes to Exhibit G-6 at pages 60-61:

*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*

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

- The total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended August 31, 2019

Following are notes to Exhibit G-8 at page 64:

*Changes of Benefit Terms*

The following were changes of benefit terms that affected measurement of the total OPEB liability during the measurement period:

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

*Changes of Assumptions*

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

- The total OPEB liability (TOL) as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the TOL.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the TOL.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the TOL.
- The discount rate changed from 3.42% as of August 31, 2017 to 3.69%, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended August 31, 2019

In this valuation, the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- 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.

## **COMBINING STATEMENTS**

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## **Nonmajor Governmental Funds**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2019

Data Control Codes	205 Head Start	206 Title X, Part C Homeless	211 Title I, A Improving Basic Program	212 Title I Part C Migrant
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	261,952	1,233	700,569	30,283
1260 Due from Other Funds	120	-	-	-
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ 262,072</u>	<u>\$ 1,233</u>	<u>\$ 700,569</u>	<u>\$ 30,283</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 1,479	\$ 433	\$ 40,068	\$ 320
2160 Accrued Wages Payable	83,023	-	38,752	-
2170 Due to Other Funds	177,063	800	621,749	29,963
2180 Due to Other Governments	507	-	-	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>262,072</u>	<u>1,233</u>	<u>700,569</u>	<u>30,283</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 262,072</u>	<u>\$ 1,233</u>	<u>\$ 700,569</u>	<u>\$ 30,283</u>

224	225	226	240	244	255	263	274
IDEA - Part B Formula	IDEA - Part B Preschool	IDEA - Part B Discretionary	National Breakfast and Lunch Program	Career and Technical - Basic Grant	Title II, A Training and Recruiting	Title III, A English Lang Acquisition	GEAR UP
\$ -	\$ -	\$ -	\$ 2,346,206	\$ -	\$ -	\$ -	\$ -
499,431	7,174	12,000	367,288	49,061	138,867	25,366	125,302
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	13,386	-	-	-	-
<u>\$ 499,431</u>	<u>\$ 7,174</u>	<u>\$ 12,000</u>	<u>\$ 2,726,880</u>	<u>\$ 49,061</u>	<u>\$ 138,867</u>	<u>\$ 25,366</u>	<u>\$ 125,302</u>
\$ -	\$ -	\$ -	\$ 275,177	\$ 17,291	\$ 1,673	\$ -	\$ 8,523
99,470	2,050	-	-	-	-	-	-
399,961	5,124	12,000	11,641	31,770	137,194	25,366	116,779
-	-	-	-	-	-	-	-
-	-	-	3,127	-	-	-	-
<u>499,431</u>	<u>7,174</u>	<u>12,000</u>	<u>289,945</u>	<u>49,061</u>	<u>138,867</u>	<u>25,366</u>	<u>125,302</u>
-	-	-	13,386	-	-	-	-
-	-	-	2,423,549	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,436,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 499,431</u>	<u>\$ 7,174</u>	<u>\$ 12,000</u>	<u>\$ 2,726,880</u>	<u>\$ 49,061</u>	<u>\$ 138,867</u>	<u>\$ 25,366</u>	<u>\$ 125,302</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2019

Data Control Codes	288 Clean School Bus Program	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 9
1240	Due from Other Governments	129,500	242,881	38,030	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 129,500</u>	<u>\$ 242,881</u>	<u>\$ 38,030</u>	<u>\$ 9</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 3,443	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	129,500	239,438	38,030	-
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	<b>Total Liabilities</b>	<u>129,500</u>	<u>242,881</u>	<u>38,030</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	9
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 129,500</u>	<u>\$ 242,881</u>	<u>\$ 38,030</u>	<u>\$ 9</u>

385 Visually Impaired SSVI	393 Texas Successful Schools Prog	394 Life Skills Program	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	487 SA Sports Foundation
\$ -	\$ 625	\$ 19,997	\$ 1,897,303	\$ 4,249	\$ -	\$ 272,202	\$ 79,785
-	-	-	4,050	297,200	75,521	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	49,875	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 625</u>	<u>\$ 19,997</u>	<u>\$ 1,901,353</u>	<u>\$ 301,449</u>	<u>\$ 125,396</u>	<u>\$ 272,202</u>	<u>\$ 79,785</u>
\$ -	\$ -	\$ -	\$ 1,184,734	\$ 70,177	\$ 2,964	\$ 10,882	\$ 1,284
-	-	-	-	-	-	-	-
-	-	-	-	209,984	68,930	120	11
-	-	-	-	-	-	-	-
-	-	-	357,334	-	-	-	-
-	-	-	<u>1,542,068</u>	<u>280,161</u>	<u>71,894</u>	<u>11,002</u>	<u>1,295</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	625	19,997	359,285	21,288	53,502	261,200	78,490
-	<u>625</u>	<u>19,997</u>	<u>359,285</u>	<u>21,288</u>	<u>53,502</u>	<u>261,200</u>	<u>78,490</u>
<u>\$ -</u>	<u>\$ 625</u>	<u>\$ 19,997</u>	<u>\$ 1,901,353</u>	<u>\$ 301,449</u>	<u>\$ 125,396</u>	<u>\$ 272,202</u>	<u>\$ 79,785</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2019

Data Control Codes	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	616 Public Property Finance Fund	617 Facilities Emergency Grant	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 72,737	\$ 4,693,113	\$ 986	\$ 1,651
1240	Due from Other Governments	-	3,005,708	-	-
1260	Due from Other Funds	-	120	-	-
1290	Other Receivables	-	49,875	-	-
1300	Inventories	-	13,386	-	-
1000	Total Assets	<u>\$ 72,737</u>	<u>\$ 7,762,202</u>	<u>\$ 986</u>	<u>\$ 1,651</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 1,618,448	\$ -	\$ -
2160	Accrued Wages Payable	-	223,295	-	-
2170	Due to Other Funds	-	2,255,423	-	-
2180	Due to Other Governments	-	507	-	-
2300	Unearned Revenue	-	360,461	-	-
2000	Total Liabilities	<u>-</u>	<u>4,458,134</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	13,386	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	2,423,549	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	986	1,651
3490	Other Restricted Fund Balance	72,737	867,133	-	-
3000	Total Fund Balances	<u>72,737</u>	<u>3,304,068</u>	<u>986</u>	<u>1,651</u>
4000	Total Liabilities and Fund Balances	<u>\$ 72,737</u>	<u>\$ 7,762,202</u>	<u>\$ 986</u>	<u>\$ 1,651</u>

618 School Facilities Assist Prgm	699 Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 1,218	\$ 335,128	\$ 338,983	\$ 5,032,096
-	-	-	3,005,708
-	-	-	120
-	-	-	49,875
-	-	-	13,386
<u>\$ 1,218</u>	<u>\$ 335,128</u>	<u>\$ 338,983</u>	<u>\$ 8,101,185</u>
\$ -	\$ -	\$ -	\$ 1,618,448
-	-	-	223,295
-	-	-	2,255,423
-	-	-	507
-	-	-	360,461
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,458,134</u>
-	-	-	13,386
-	-	-	2,423,549
1,218	335,128	338,983	338,983
-	-	-	867,133
<u>1,218</u>	<u>335,128</u>	<u>338,983</u>	<u>3,643,051</u>
<u>\$ 1,218</u>	<u>\$ 335,128</u>	<u>\$ 338,983</u>	<u>\$ 8,101,185</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	205  Head Start	206 Title X, Part C Homeless	211 Title I, A Improving Basic Program	212 Title I Part C Migrant
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	2,184,746	9,494	3,445,112	78,194
5020 Total Revenues	2,184,746	9,494	3,445,112	78,194
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	1,130,877	8,868	1,471,109	23,574
0012 Instructional Resources and Media Services	-	-	450	-
0013 Curriculum and Instructional Staff Development	191,557	626	1,617,757	54,407
0021 Instructional Leadership	373,575	-	168,817	-
0023 School Leadership	16,148	-	137,791	-
0031 Guidance, Counseling and Evaluation Services	-	-	33,976	-
0032 Social Work Services	31,979	-	-	-
0033 Health Services	699	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	28,650	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	411,261	-	15,212	213
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	2,184,746	9,494	3,445,112	78,194
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -



224	225	226	240	244	255	263	274
IDEA - Part B Formula	IDEA - Part B Preschool	IDEA - Part B Discretionary	National Breakfast and Lunch Program	Career and Technical - Basic Grant	Title II, A Training and Recruiting	Title III, A English Lang Acquisition	GEAR UP
\$ -	\$ -	\$ -	\$ 241,616	\$ -	\$ -	\$ -	\$ -
-	-	-	34,364	-	-	-	-
2,101,751	33,126	12,000	7,301,689	126,295	444,650	134,506	358,883
2,101,751	33,126	12,000	7,577,669	126,295	444,650	134,506	358,883
1,660,091	33,126	-	-	105,498	-	35,541	125,169
-	-	-	-	-	4,647	-	-
728	-	-	-	8,225	432,064	98,672	32,007
213,121	-	-	-	-	2,980	-	43,891
-	-	-	-	-	4,959	-	-
62,839	-	12,000	-	12,572	-	136	150,059
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
164,972	-	-	-	-	-	-	-
-	-	-	7,165,778	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	677,106	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	157	7,757
-	-	-	-	-	-	-	-
2,101,751	33,126	12,000	7,842,884	126,295	444,650	134,506	358,883
-	-	-	(265,215)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(265,215)	-	-	-	-
-	-	-	2,702,150	-	-	-	-
\$ -	\$ -	\$ -	\$ 2,436,935	\$ -	\$ -	\$ -	\$ -

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	288	289	315	340
	Clean School Bus Program	Other Federal Special Revenue Funds	SSA IDEA, Part B Discretionary	SSA - IDEA C Deaf - Early Intervention
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	129,500	821,826	58,513	-
5020 Total Revenues	129,500	821,826	58,513	-
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	-	228,609	58,513	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	11,082	-	-
0021 Instructional Leadership	-	404,676	-	-
0023 School Leadership	-	2,187	-	-
0031 Guidance, Counseling and Evaluation Services	-	94,882	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	1,117	-	-
0034 Student (Pupil) Transportation	129,500	72,619	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	4,576	-	-
0061 Community Services	-	2,078	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	129,500	821,826	58,513	-
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	9
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 9

385 Visually Impaired SSVI	393 Texas Successful Schools Prog	394 Life Skills Program	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	487 SA Sports Foundation
\$ -	\$ 153	\$ -	\$ -	\$ -	\$ 283,388	\$ 376,700	\$ 19,160
10,208	-	-	1,619,595	685,592	194,358	-	-
-	-	-	-	-	-	-	-
10,208	153	-	1,619,595	685,592	477,746	376,700	19,160
10,208	-	-	1,615,545	142,434	686,704	164,450	-
-	-	-	-	-	-	36,524	-
-	-	-	-	245,820	665	3,482	-
-	-	-	-	88,166	-	-	-
-	-	-	-	5,715	-	90,453	-
-	-	-	-	-	-	334	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	59	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	70,973	25,993
-	-	-	-	200,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,977	-	1,581	-
-	-	-	-	-	-	-	-
10,208	-	-	1,615,545	687,112	687,369	367,856	25,993
-	153	-	4,050	(1,520)	(209,623)	8,844	(6,833)
-	-	-	-	-	-	-	-
-	153	-	4,050	(1,520)	(209,623)	8,844	(6,833)
-	472	19,997	355,235	22,808	263,125	252,356	85,323
\$ -	\$ 625	\$ 19,997	\$ 359,285	\$ 21,288	\$ 53,502	\$ 261,200	\$ 78,490

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	616 Public Property Finance Fund	617 Facilities Emergency Grant
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 49,971	\$ 970,988	\$ 471	\$ 1,479
5800 State Program Revenues	-	2,544,117	-	-
5900 Federal Program Revenues	-	17,240,285	-	-
5020 Total Revenues	49,971	20,755,390	471	1,479
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	749	7,501,065	-	-
0012 Instructional Resources and Media Services	-	41,621	-	-
0013 Curriculum and Instructional Staff Development	-	2,697,092	-	-
0021 Instructional Leadership	-	1,295,226	-	-
0023 School Leadership	-	257,253	-	-
0031 Guidance, Counseling and Evaluation Services	-	366,798	-	-
0032 Social Work Services	-	31,979	-	-
0033 Health Services	-	1,875	-	-
0034 Student (Pupil) Transportation	-	367,091	-	-
0035 Food Services	-	7,165,778	-	-
0036 Extracurricular Activities	6,825	103,791	-	-
0041 General Administration	-	228,650	-	-
0051 Facilities Maintenance and Operations	-	677,106	-	-
0052 Security and Monitoring Services	-	4,576	-	-
0061 Community Services	6,548	449,784	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	38,967	106,449
6030 Total Expenditures	14,122	21,189,685	38,967	106,449
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	35,849	(434,295)	(38,496)	(104,970)
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	2,995	2,995	-	-
1200 Net Change in Fund Balance	38,844	(431,300)	(38,496)	(104,970)
0100 Fund Balance - September 1 (Beginning)	33,893	3,735,368	39,482	106,621
3000 Fund Balance - August 31 (Ending)	\$ 72,737	\$ 3,304,068	\$ 986	\$ 1,651

618 School Facilities Assist Prgm	699 Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 1,074	\$ 6,169	\$ 9,193	\$ 980,181
-	-	-	2,544,117
-	-	-	17,240,285
1,074	6,169	9,193	20,764,583
-	-	-	7,501,065
-	-	-	41,621
-	-	-	2,697,092
-	-	-	1,295,226
-	-	-	257,253
-	-	-	366,798
-	-	-	31,979
-	-	-	1,875
-	-	-	367,091
-	-	-	7,165,778
-	-	-	103,791
-	-	-	228,650
-	-	-	677,106
-	-	-	4,576
-	-	-	449,784
124,330	130,453	400,199	400,199
124,330	130,453	400,199	21,589,884
(123,256)	(124,284)	(391,006)	(825,301)
-	-	-	2,995
(123,256)	(124,284)	(391,006)	(822,306)
124,474	459,412	729,989	4,465,357
\$ 1,218	\$ 335,128	\$ 338,983	\$ 3,643,051

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## **Internal Service Funds**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2019

EXHIBIT H-3

	752 Print Shop	753 Workers Compensation Fund	770 Medical Insurance Fund	Total Internal Service Funds
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 2,935,416	\$ 6,003	\$ 2,941,419
Other Receivables	-	-	169,748	169,748
	<u>-</u>	<u>2,935,416</u>	<u>175,751</u>	<u>3,111,167</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	-	18,395	94,969	113,364
Due to Other Funds	-	109	137	246
Accrued Expenses	-	372,668	273,800	646,468
	<u>-</u>	<u>391,172</u>	<u>368,906</u>	<u>760,078</u>
<b>NET POSITION</b>				
Unrestricted Net Position	<u>-</u>	<u>2,544,244</u>	<u>(193,155)</u>	<u>2,351,089</u>
Total Net Position	<u>\$ -</u>	<u>\$ 2,544,244</u>	<u>\$ (193,155)</u>	<u>\$ 2,351,089</u>



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2019

	752 Print Shop	753 Workers Compensation Fund	770 Medical Insurance Fund	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Local and Intermediate Sources	\$ -	\$ 103,962	\$ 5,284,406	\$ 5,388,368
Total Operating Revenues	<u>-</u>	<u>103,962</u>	<u>5,284,406</u>	<u>5,388,368</u>
<b>OPERATING EXPENSES:</b>				
Payroll Costs	-	80,169	80,593	160,762
Professional and Contracted Services	-	73,022	918,477	991,499
Other Operating Costs	-	159,900	4,478,491	4,638,391
Total Operating Expenses	<u>-</u>	<u>313,091</u>	<u>5,477,561</u>	<u>5,790,652</u>
Income (Loss) Before Transfers	-	(209,129)	(193,155)	(402,284)
Transfer In	85,212	-	-	85,212
Transfers Out	-	(1,000,000)	-	(1,000,000)
Change in Net Position	<u>85,212</u>	<u>(1,209,129)</u>	<u>(193,155)</u>	<u>(1,317,072)</u>
Total Net Position - September 1 (Beginning)	<u>(85,212)</u>	<u>3,753,373</u>	<u>-</u>	<u>3,668,161</u>
Total Net Position August 31 (Ending)	<u>\$ -</u>	<u>\$ 2,544,244</u>	<u>\$ (193,155)</u>	<u>\$ 2,351,089</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2019

	752	753	770	
	Print Shop	Workers Compensation Fund	Medical Insurance Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ -	\$ 103,962	\$ 5,284,406	\$ 5,388,368
Cash Payments to Employees for Services	-	(80,169)	(80,593)	(160,762)
Cash Payments for Insurance Claims	-	(363,364)	(5,197,810)	(5,561,174)
Cash Payments for Suppliers	(85,212)	-	-	(85,212)
Net Cash Provided by (Used for) Operating Activities	<u>(85,212)</u>	<u>(339,571)</u>	<u>6,003</u>	<u>(418,780)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Operating Transfer In	85,212	-	-	85,212
Operating Transfer Out	-	(1,000,000)	-	(1,000,000)
Interfund from Other Funds	-	4,255,795	-	4,255,795
Net Cash Provided by Non-Capital Financing Activities	<u>85,212</u>	<u>3,255,795</u>	<u>-</u>	<u>3,341,007</u>
Net Increase in Cash and Cash Equivalents	-	2,916,224	6,003	2,922,227
Cash and Cash Equivalents at Beginning of Year	-	19,192	-	19,192
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ 2,935,416</u>	<u>\$ 6,003</u>	<u>\$ 2,941,419</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ -	\$ (209,129)	\$ (193,155)	\$ (402,284)
Effect of Increases and Decreases in Current Assets and Liabilities:				
(Increase) in Other Receivables	-	-	(169,748)	(169,748)
Decrease in Due from Other Funds	151	-	-	151
Increase (Decrease) in Accounts Payable	(855)	(4)	94,969	94,110
Increase (Decrease) in Due to Other Funds	(84,508)	(71)	137	(84,442)
Increase (Decrease) in Accrued Expenses	-	(130,367)	273,800	143,433
Net Cash Provided by (Used for) Operating Activities	<u>\$ (85,212)</u>	<u>\$ (339,571)</u>	<u>\$ 6,003</u>	<u>\$ (418,780)</u>

## **Agency Fund**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED AUGUST 31, 2019

	BALANCE SEPTEMBER 1 2018	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2019
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Cash Equivalents	\$ 248,452	\$ 349,660	\$ 335,195	\$ 262,917
Liabilities:				
Accounts Payable	\$ 5,979	\$ 3,516	\$ 5,979	\$ 3,516
Due to Other Funds	2,040	6,766	2,040	6,766
Due to Student Groups	240,433	388,519	376,317	252,635
Total Liabilities	\$ 248,452	\$ 398,801	\$ 384,336	\$ 262,917
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Cash Equivalents	\$ 248,452	\$ 349,660	\$ 335,195	\$ 262,917
Liabilities:				
Accounts Payable	\$ 5,979	\$ 3,516	\$ 5,979	\$ 3,516
Due to Other Funds	2,040	6,766	2,040	6,766
Due to Student Groups	240,433	388,519	376,317	252,635
Total Liabilities	\$ 248,452	\$ 398,801	\$ 384,336	\$ 262,917

## **Private Purpose Trust Funds**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2019

	810 Private Purpose Trust Fund	820 Foundation Grant Funds	Total Private Purpose Trust Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 14,600	\$ 15,000	\$ 29,600
Total Assets	<u>14,600</u>	<u>15,000</u>	<u>29,600</u>
<b>LIABILITIES</b>			
Payable from Restricted Assets	14,600	15,000	29,600
Total Liabilities	<u>14,600</u>	<u>15,000</u>	<u>29,600</u>

## **REQUIRED TEA SCHEDULES**





(10) Beginning Balance 9/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2019
\$ 525,715	\$ -	\$ 17,860	\$ 5,247	\$ (26,531)	\$ 476,077
73,391	-	4,725	1,799	(164)	66,703
90,924	-	12,220	4,875	(160)	73,669
74,182	-	5,130	2,046	(156)	66,850
93,664	-	9,169	3,656	232	81,071
113,178	-	13,218	5,230	493	95,223
127,629	-	26,173	10,356	1,288	92,388
227,348	-	38,662	15,298	(43,531)	129,857
641,803	-	99,316	39,297	(219,630)	283,560
-	25,467,641	17,717,082	7,010,172	(59,716)	680,671
<u>\$ 1,967,834</u>	<u>\$ 25,467,641</u>	<u>\$ 17,943,555</u>	<u>\$ 7,097,976</u>	<u>\$ (347,875)</u>	<u>\$ 2,046,069</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(GAAP BASIS)	Positive or (Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 213,708	\$ 288,708	\$ 241,616	\$ (47,092)
5800 State Program Revenues	406,191	406,191	34,364	(371,827)
5900 Federal Program Revenues	6,476,262	6,476,262	7,301,689	825,427
5020 Total Revenues	7,096,161	7,171,161	7,577,669	406,508
EXPENDITURES:				
Current:				
0035 Food Services	6,570,132	7,464,651	7,165,778	298,873
0051 Facilities Maintenance and Operations	526,029	801,029	677,106	123,923
6030 Total Expenditures	7,096,161	8,265,680	7,842,884	422,796
1200 Net Change in Fund Balances	-	(1,094,519)	(265,215)	829,304
0100 Fund Balance - September 1 (Beginning)	2,702,150	2,702,150	2,702,150	-
3000 Fund Balance - August 31 (Ending)	\$ 2,702,150	\$ 1,607,631	\$ 2,436,935	\$ 829,304

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(GAAP BASIS)	Positive or (Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 7,192,560	\$ 7,342,560	\$ 7,334,433	\$ (8,127)
5800 State Program Revenues	5,056,192	5,456,192	5,065,316	(390,876)
5020 Total Revenues	12,248,752	12,798,752	12,399,749	(399,003)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	13,246,625	6,555,869	6,555,869	-
0072 Interest on Long-Term Debt	-	6,690,756	6,690,756	-
0073 Bond Issuance Cost and Fees	-	30,000	22,746	7,254
6030 Total Expenditures	13,246,625	13,276,625	13,269,371	7,254
1200 Net Change in Fund Balances	(997,873)	(477,873)	(869,622)	(391,749)
0100 Fund Balance - September 1 (Beginning)	4,167,570	4,167,570	4,167,570	-
3000 Fund Balance - August 31 (Ending)	\$ 3,169,697	\$ 3,689,697	\$ 3,297,948	\$ (391,749)

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**FEDERAL AWARDS SECTION**

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees of  
South San Antonio Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South San Antonio Independent School District (the District), as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 9, 2020.

### **Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

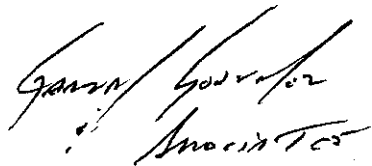
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

**Other Matters**

We noted certain matters that we reported to management of the District in a separate letter dated January 9, 2020.

**Purpose of this Report**

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



January 9, 2020

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees of  
South San Antonio Independent School District:

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

We have audited South San Antonio Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

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

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

### **Report on Internal Control Over Compliance**

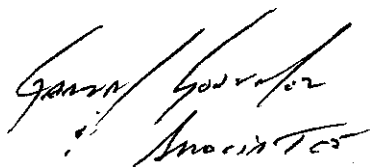
Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements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

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

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

### **Purpose of this Report**

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



The image shows a handwritten signature in black ink. The signature is written in a cursive style and appears to read "Gerson / Auditor General". Below the signature, the name "Auditor General" is printed in a smaller, sans-serif font.

January 9, 2020

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2019

**SECTION I --- SUMMARY OF AUDITORS' RESULTS**

<b><i>Financial Statements</i></b>			
	Type of auditor's report issued:	<u>Unmodified</u>	
	Internal control over financial reporting: • Material weakness (es) identified?	<u>    </u> Yes	<u>  X  </u> No
	• Significant deficiencies identified not considered to be material weaknesses?	<u>    </u> Yes	<u>  X  </u> None Reported
	Noncompliance material to financial statements noted?	<u>    </u> Yes	<u>  X  </u> No

<b><i>Federal Awards</i></b>			
	Internal control over major programs: • Material weakness (es) identified?	<u>    </u> Yes	<u>  X  </u> No
	• Significant deficiencies identified not considered to be material weaknesses?	<u>    </u> Yes	<u>  X  </u> None Reported
	Type of auditor's report issued on compliance for Major programs	<u>Unmodified</u>	
	Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section. 200.516?	<u>    </u> Yes	<u>  X  </u> No

<b><i>Identification of Major Programs</i></b>			
	<b>CFDA Numbers(s)</b>	<b>Name of Federal Program or Cluster</b>	
	10.553 10.555	Child Nutrition Cluster: School Breakfast Program National School Lunch Program	
	93.600	Head Start	
	Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
	Auditee qualified as low-risk auditee?	<u>  X  </u> Yes <u>    </u> No	

(Continued)

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2019

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no federal award findings and questioned costs required to be reported by the Uniform Guidance, Section 200.516(a).



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For The Year Ended August 31, 2019

There were no prior audit findings reported.

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**Schedule of Expenditures of Federal Awards**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2019

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<u>Passed Through TX Comm on Environmental Quality</u>			
Clean School Bus Program	66.039	582-52-19-90585	\$ 129,500
Total Passed Through TX Comm on Environmental Quality			129,500
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			129,500
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Programs</u>			
JROTC	12.xxx	N/A	53,348
Total Direct Programs			53,348
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			53,348
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
School Climate Transformation Project	84.184	S184G140167-17	115,463
School Climate Transformation Project	84.184	S184G140167-18	552,749
Total CFDA Number 84.184			668,212
Total Direct Programs			668,212
<u>Passed Through ESC Region 20</u>			
McKinney Vento - Texship	84.196	295662911	9,494
*IDEA - Part B, Discretionary	84.027A	226-543-19-20-038	12,000
Total Passed Through ESC Region 20			21,494
<u>Passed Through University of Texas at Austin</u>			
GEAR UP	84.334S	N/A	358,883
Total Passed Through University of Texas at Austin			358,883
<u>Passed Through State Department of Education</u>			
Title I, Part A - Improving Basic Programs	84.010A	18610101015908	59,337
Title I, Part A - Improving Basic Programs	84.010A	19610101015908	3,359,282
Title I, Part A - Improving Basic Programs	84.010A	20610101015908	18,243
Title I 1003 School Improvement	84.010A	1961014105908	108,991
Total CFDA Number 84.010A			3,545,853
Title I, Part C - Migratory Children	84.011A	19615001015908	81,318
*IDEA - Part B, Formula	84.027A	186600010159086000	355,011
*IDEA - Part B, Formula	84.027A	196600010159086600	1,832,873
*SSA - IDEA - Part B, Discretionary	84.027A	196600110159086673	58,513
Total CFDA Number 84.027A			2,246,397
*IDEA - Part B, Preschool	84.173A	176610010159086000	10,902
*IDEA - Part B, Preschool	84.173A	196610010159086610	23,552
Total CFDA Number 84.173A			34,454
Total Special Education Cluster (IDEA)			2,292,851
Career and Technical - Basic Grant	84.048A	19420006015908	129,859
Title III, Part A - English Language Acquisition	84.365A	18671001015908	7,125
Title III, Part A - English Language Acquisition	84.365A	19671001015908	130,778
Total CFDA Number 84.365A			137,903
Title II, Part A, Supporting Effective Instruction	84.367A	18694501015908	7,124
Title II, Part A, Supporting Effective Instruction	84.367A	19694501015908	452,974

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2019

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Total CFDA Number 84.367A			460,098
Summer School LEP	84.369A	69551902	5,007
Title IV, Part A, Student Support & Academic Enric	84.424A	19680101015908	225,236
Total Passed Through State Department of Education			6,866,125
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>7,914,714</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Direct Programs</u>			
Head Start	93.600	06CH7068/07	951,363
Head Start	93.600	06CH010831/01	1,285,144
Total CFDA Number 93.600			2,236,507
Total Direct Programs			2,236,507
<u>Passed Through TX Dept of Health &amp; Human Svcs</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-08-0177-00014	42,239
Total Passed Through TX Dept of Health & Human Svcs			42,239
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>2,278,746</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
National School Lunch Program - Equipment Grant	10.579	N/A	100,000
Child & Adult Care Food Program - Cash Assistance	10.558	N/A	498,107
Total Passed Through the State Department of Agriculture			598,107
<u>Passed Through State Department of Education</u>			
*School Breakfast Program	10.553	71401901	1,950,559
*National School Lunch Program - Cash Assistance	10.555	71301901	4,365,629
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301901	387,395
Total CFDA Number 10.555			4,753,024
Total Child Nutrition Cluster			6,703,583
Total Passed Through State Department of Education			6,703,583
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>7,301,690</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 17,677,998</b>

\*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended August 31, 2019

1. The District utilizes the fund types specified in the Texas Education Agency's Financial Accountability System Resource Guide (FASRG). Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. Federal grant funds are primarily accounted for in the Special Revenue Funds. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (i.e., both measurable and available), and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for certain compensated absences, which are recognized when the obligations are expected to be liquidated with expendable, available financial resources.

Federal grant funds are generally considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with 2 CFR Part 200 Period of Performance.
4. Expenditures for the Junior ROTC Program, the Medicaid Administrative Claiming Program, and the National School Lunch and Breakfast Program are not specifically attributed to the revenue source and are shown on this schedule in an amount equal to revenue. Commodity Supplemental Food Program receipts represent USDA donated commodities received during the year. The related expenditures relate to the issuance of the commodities to the District's campuses.
5. The School Health and Related Services (SHARS) revenues are reported as federal revenues in the general fund; however, in accordance with TEA requirements, SHARS revenue is not considered federal financial assistance and is therefore not included in the schedule.
6. The District has elected not to use the 10% de minimis indirect cost rate as provided by the Uniform Guidance.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended August 31, 2019

7. Reconciliation of the total expenditures of federal awards as reported in the Schedule of Expenditures of Federal Awards to total federal revenues reported in Exhibit C-3.

- Total Federal Program Revenues (Exhibit C-3)	\$ 20,320,605
Less: SHARS Revenue (excluded from Exhibit K-1)	(1,382,150)
Less: Government Subsidized Debt (excluded from Exhibit K-1)	(964,900)
Less: E-Rate Program Revenue (excluded from Exhibit K-1)	<u>(295,557)</u>
Total Expenditures of Federal Awards (Exhibit K-1)	<u>\$ 17,677,998</u>

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