

**SAN BENITO CONSOLIDATED INDEPENDENT  
SCHOOL DISTRICT**

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED  
JUNE 30, 2019

## **INTRODUCTORY SECTION**

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED JUNE 30, 2019

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**SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SAN BENITO, TEXAS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**TRUSTEES**

Michael A. Vargas - President

Orlando Lopez– Vice-President

Janie G. Silva- Secretary

Sonia Weaver

M.L. Garcia

Angel Mendez

Victor Eloy Rosas

**SUPERINTENDENT**

Dr. Nate Carman

**ASSISTANT SUPERINTENDENT OF FINANCE AND OPERATIONS**

Hilda G. Rendon

CERTIFICATE OF BOARD

San Benito Consolidated Independent School District  
Name of School District

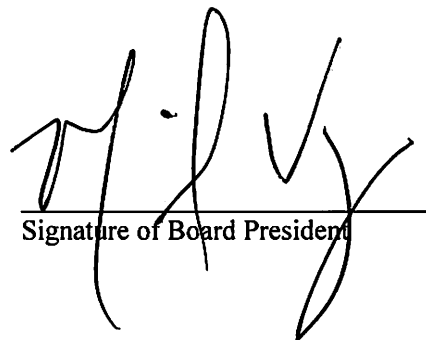
Cameron  
County

031-912  
Co.-Dist. Number

We, the undersigned, do hereby certify that the attached annual financial reports of San Benito CISD  
were reviewed and ☒ approved ☐ disapproved for the year ended June 30, 2019 at a

meeting of the board of school trustees of the San Benito CISD on the 19th day of November, 2019.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

## **FINANCIAL SECTION**



# Cascos & Associates, PC

Certified Public Accountants

Audit/Accounting/Tax/Consulting

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
San Benito Consolidated Independent School District  
San Benito, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the San Benito Consolidated Independent School District as of and for the year ended June 30, 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

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

### Auditors' Responsibility

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

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

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



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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, the business-type activities, , each major fund, and the aggregate remaining fund information of the San Benito Consolidated Independent School District as of June 30, 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 on pages 5 through 13 and budgetary comparison information and pension information on pages 53 and 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

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

The combining statements 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, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019, on our consideration of the San Benito Consolidated Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering San Benito Consolidated Independent School District's internal control over financial reporting and compliance.

*Allen & Associates, PC*

Brownsville, Texas  
November 19, 2019

## SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

### MANAGEMENT DISCUSSION AND ANALYSIS

This section of the San Benito Consolidated Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the twelve months ended June 30, 2019. Please read it in conjunction with the District's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$(14,631,379) at June 30, 2019.
- During the year, the District's expenses were \$141,721,368. Revenues generated in taxes and other revenues for governmental activities were \$108,754,069.
- The total cost of the District's programs increased by \$48,635,966 from last year. The increase resulted from an overall increase in expenses mainly in function 11 and 51.
- The general fund reported a fund balance this year of \$31,582,838 which was a decrease over the prior year due primarily to district improvements.
- The District received an "A" rating for the Financial Integrity Reporting System of Texas (FIRST) for 2019, earning 94 of 100 points.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section of this Annual Financial and Compliance Report consists of five parts: (1) *management's discussion and analysis* (this section), (2) the *basic financial statements*, (3) *required supplementary information*, and (4) *supplementary information*, (5) *other information*, which is the section that presents additional information required by the Texas Education Agency.

The Management's Discussion and Analysis section is intended to serve as an introduction to the District's Basic Financial Statements. The District's Basic Financial Statements comprise three components: (1) Government-Wide Financial Statements (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements.

The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status. The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.

- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

# **SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### ***Government-wide Statements***

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. All of the District's services are reported in the government-wide financial statements, including instructional, instructional leadership, student support services, general administration, support services, and debt services. Property taxes, state foundation funds and grants finance most of these activities.

The *statement of net position* presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Net position is one way to measure the District's financial health or *position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To fully assess the overall health of the District; however, non-financial factors need to be considered as well, such as changes in the District's average daily attendance, its property tax base and the condition of the District's facilities.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (governmental activities). All of the District's services are reported in the government-wide financial statements, including instructional leadership, student support services, general administration, support services and debt services.

### ***New Accounting Standards Adopted***

In fiscal year 2018, the District adopted new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, applies to financial reports of all state and local governmental entities, address accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB.

# **SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### ***Fund Financial Statements***

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related requirements. The fund financial statements provide more detailed information about the District's most significant *funds* – *not* the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes to show that it is properly using taxes and grants.

The District has the following kinds of funds:

*Governmental funds:* Government funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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 fiscal year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

The District maintains 25 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the debt service fund, which are considered to be major funds. Data from the other governmental funds are combined in a single, aggregated presentation. The District adopts an annual appropriated budget for its General Fund and Debt Service Fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets.

*Proprietary funds:* Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The district utilizes internal service funds for self-funded health insurance.

*Fiduciary funds:* The District is the trustee, or *fiduciary*, for certain 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 operations.

### ***Notes to the Financial Statements***

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

# SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS

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

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The Required Supplementary Information relates to comparison of the original adopted budget, the final amended budget, and the actual results for the twelve months ended. This is required supplementary information for the general fund. Also included in RSI is the Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System, the Schedule of the District Contributions – Teacher Retirement System, the Schedule of the District's Proportionate Share of the Net OPEB Liability – Teacher Retirement System, and the Schedule of District's OPEB Contributions – Teacher Retirement System.

### ***Supplementary Information***

The Supplementary Information section contains information for the purpose of additional analysis and is not a required part of the basic financial statements. This section includes certain compliance schedules required by the Texas Education Agency.

### ***Government-Wide Financial Analysis***

Presented in Tables I and II below are summarized Statement of Net Position and Statement of Changes in Net Position for both current and prior-year data. Our analysis focuses on the current year and the comparison of prior-year amounts on the net position (Table I) and changes in net position (Table III) of the District's governmental activities.

### ***Net Position***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the twelve months ended June 30, 2019, the District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$(14,631,379).

**Table I**  
**Net Position Summary**

|                                  | Governmental Activities |                       |
|----------------------------------|-------------------------|-----------------------|
|                                  | 2019                    | 2018                  |
| Current and other assets         | \$ 82,003,217           | \$ 54,129,703         |
| Capital assets                   | <u>96,029,850</u>       | <u>93,370,802</u>     |
| Total assets                     | <u>178,033,067</u>      | <u>147,500,505</u>    |
| Deferred outflows                | <u>28,408,430</u>       | <u>13,649,888</u>     |
| Other liabilities                | 17,746,900              | 14,104,104            |
| Long-term liabilities            | <u>185,893,128</u>      | <u>133,625,674</u>    |
| Total liabilities                | <u>203,640,028</u>      | <u>147,729,778</u>    |
| Deferred inflows                 | <u>17,432,848</u>       | <u>22,962,256</u>     |
| Net investment in capital assets | 25,886,245              | 17,069,994            |
| Restricted                       | 4,616,563               | 4,058,729             |
| Unrestricted                     | <u>(45,134,187)</u>     | <u>(30,670,364)</u>   |
| Total net position               | <u>\$ (14,631,379)</u>  | <u>\$ (9,541,641)</u> |

**SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

***Net Position- Continued***

Unrestricted net position reflects a deficit created by a prior period adjustment resulting from the implementation of GASB 75 in the current fiscal year for OPEB. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net OPEB liability. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions and obligations as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

**Governmental Activities**

The District's property tax rate remained at \$1.3049 per \$100 of taxable property value as compared to last year's rate.

The total cost of all programs and services was \$141,721,368; 50% of these costs are for instructional and data processing services.

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

- The cost of all *governmental* activities this year was \$141,721,368.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$14,830,519.

**Table II**  
**Net Cost of Selected District Functions**

|                                   | Total Cost of Services |               | Net Cost of Services |                |
|-----------------------------------|------------------------|---------------|----------------------|----------------|
|                                   | 2019                   | 2018          | 2019                 | 2018           |
| Instruction                       | \$ 69,712,415          | \$ 45,181,764 | \$(69,712,415)       | \$(48,362,907) |
| School leadership                 | 6,738,738              | 4,284,327     | (6,738,738)          | (5,471,648)    |
| Food services                     | 9,159,323              | 7,441,285     | (8,736,654)          | 1,398,044      |
| Facilities maintenance/operations | 17,696,883             | 11,761,407    | (17,354,754)         | (11,647,797)   |

**SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

**Changes in Net Position**

The Net Position of the District decreased by \$5,089,738 for the twelve months ended June 30, 2019. The total revenues from taxpayers, user service, grants and other sources for the District was \$136,631,630, an increase over fiscal year 2018 of \$27,877,561. One of the revenue increases was attributable to the increase in enrollment from prior year thus positively affecting both state foundation funding and grants. Total expenses for the 2019 fiscal year were \$93,085,402 or \$48,635,966 more than the expenses for fiscal year 2018.

**Table III**  
**Changes in Net Position**

|                                                | 2019                         | 2018                         |
|------------------------------------------------|------------------------------|------------------------------|
| <b>Program Revenues:</b>                       |                              |                              |
| Charges for services                           | \$ 1,796,748                 | \$ 1,275,879                 |
| Operating grants and contributions             | -                            | 5,538,325                    |
| General revenues:                              |                              |                              |
| Property taxes                                 | 14,921,519                   | 12,705,385                   |
| State and other grants                         | 118,834,643                  | 88,534,272                   |
| Investment earnings                            | 1,066,826                    | 454,738                      |
| Miscellaneous local intermediate               | <u>11,894</u>                | <u>245,470</u>               |
| Total revenues                                 | 136,631,630                  | 108,754,069                  |
| <b>Program Expenses:</b>                       |                              |                              |
| Instruction                                    | 69,712,415                   | 45,181,764                   |
| Instructional resources and media services     | 1,394,777                    | 974,766                      |
| Curriculum and instructional staff development | 2,571,377                    | 950,701                      |
| Instructional leadership                       | 3,524,917                    | 2,383,252                    |
| School leadership                              | 6,738,738                    | 4,284,327                    |
| Guidance, counseling and evaluation services   | 3,683,097                    | 2,433,602                    |
| Social services                                | 566,214                      | 443,607                      |
| Health services                                | 1,188,340                    | 829,030                      |
| Student (pupil) transportation                 | 3,888,694                    | 2,865,557                    |
| Food services                                  | 9,159,323                    | 7,441,285                    |
| Co-curricular/extracurricular activities       | 3,816,601                    | 3,305,908                    |
| General administration                         | 9,620,109                    | 3,205,802                    |
| Plant maintenance and operations               | 17,696,883                   | 11,761,407                   |
| Security and monitoring services               | 2,550,846                    | 1,984,783                    |
| Data processing services                       | 2,239,105                    | 2,492,798                    |
| Community services                             | 786,092                      | 455,851                      |
| Debt service                                   | 1,549,555                    | 1,646,053                    |
| Other governmental charges                     | <u>1,034,285</u>             | <u>444,909</u>               |
| Total expenses                                 | <u>141,721,368</u>           | <u>93,085,402</u>            |
| Increase (decrease) in net position            | (5,089,738)                  | 15,668,667                   |
| Beginning net position                         | (10,312,684)                 | 41,287,939                   |
| Restatement (OPEB implementation)              | <u>771, 043</u>              | <u>(66,498,247)</u>          |
| Ending net position                            | <u><u>\$(14,631,379)</u></u> | <u><u>\$ (9,541,641)</u></u> |

### Changes in Net Position- Continued

The District's total revenues were \$134,834,882. A significant portion, 88%, of the District's revenue comes from state aid – formula grants and operating grants compared to 11.1% from local taxes.

The Net Position of the District decreased by \$(5,089,738) for the twelve months ended June 30, 2019, which was directly attributable to both the decrease in expenses related to a significant reduction in OPEB liability, slight increase in revenues and the fiscal year changing from August 31 to June 30.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements, bond covenants, and segregation for particular purposes. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of June 30, 2019, the District's governmental funds reported a combined ending fund balance of \$63,074,369, an increase of \$28,686,241 from last year. Of the total fund balance, \$29,896,240, or approximately 47.4%, constitutes unassigned fund balance. The remainder of fund balance is non-spendable, restricted, committed or assigned for particular purposes as follows:

**Table IV**  
**Governmental Funds – Fund Balances**

|                       |                             |
|-----------------------|-----------------------------|
| <b>Nonspendable</b>   |                             |
| Inventories           | \$ 570,131                  |
| Prepayments           | 326,157                     |
| <b>Restricted</b>     |                             |
| Grant funds           | 2,606,747                   |
| <b>Committed</b>      |                             |
| Other committed funds | 1,113,528                   |
| <b>Unassigned</b>     |                             |
| Unassigned            | <u>58,457,806</u>           |
|                       | <u><u>\$ 63,074,369</u></u> |

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of 2019, the District had invested \$220,869,402 in a broad range of capital assets, including land, equipment, buildings, and vehicles. More detailed information about the District's capital assets is presented in the notes to the financial statements.

## Capital Assets- Continued

**Table V**  
**Capital Assets**

|                                 | Governmental Activities   |                  |
|---------------------------------|---------------------------|------------------|
|                                 | (In thousands of dollars) |                  |
|                                 | 2019                      | 2018             |
| Land                            | \$ 6,775                  | \$ 6,673         |
| Buildings and improvements      | 187,977                   | 187,767          |
| Furniture and equipment         | 13,811                    | 12,730           |
| Vehicles                        | 9,386                     | 10,564           |
| Capital Leases                  | <u>2,920</u>              | <u>-</u>         |
| Total assets at historical cost | 220,869                   | 217,734          |
| Accumulated depreciation        | <u>(124,840)</u>          | <u>(124,363)</u> |
| Net capital assets              | <u>\$ 96,029</u>          | <u>\$ 93,371</u> |

## Long-term Debt

The District had \$185,893,128 in bonds, related premiums/discounts and other long-term liabilities as shown in Table VI. More detailed information about the District's debt is presented in the notes to the financial statements.

### Bond Ratings

The District's bonds presently carry "A" ratings assigned by Standard & Poor Ratings.

**Table VI**  
**Long-term Debt**

|                          | Governmental Activities   |                   |
|--------------------------|---------------------------|-------------------|
|                          | (In thousands of dollars) |                   |
|                          | 2019                      | 2018              |
| Bonds payable            | \$ 92,275                 | \$ 68,110         |
| Premiums                 | 7,673                     | 5,907             |
| Accrued interest on CABS | -                         | -                 |
| Capital Lease Payable    | 3,045                     | 1,192             |
| Compensated absences     | 2,650                     | 1,931             |
| Net pension liability    | 34,810                    | 18,606            |
| Net OPEB liability       | <u>45,440</u>             | <u>37,880</u>     |
| Totals                   | <u>\$ 185,893</u>         | <u>\$ 133,626</u> |

## **Net Pension Liability**

The District reports net pension liabilities, deferred inflows of resources and deferred outflows of resources and the recognition of pension expense in accordance with the provisions of GASB Statement No. 68. The amounts recorded by the District for the current school year for net pension liability increased while the deferred inflows of resources related to TRS and deferred outflows of resources related to TRS decreased over the amounts reported at the end of the prior school year. See Note Q to the financial statements for additional information on these changes and pension related balances at year end.

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

- Appraised property value used for the 2020 budget preparation was \$1,679,366,689 which is an 18% increase over last year's value.
- General operating fund for 2020 will retain the current fund balance while improving academic and facilities services.

These indicators were taken into account when adopting the general fund budget for 2020. The district adopted a balanced budget for 2019-2020 on June 27, 2019.

The District committed to evaluate financial, operational, and curriculum programs in the 2015-2016 school year. Re-Imagine 2021, a 5-year Strategic Plan, was approved by the board in July 2016 that will guide the district forward for the next 5 years. An Efficiency Audit conducted by Texas Association of School Business Officials was approved in June 2016 to strengthen the Financial and Operations functions of SBCISD. The recommendations from the Efficiency Audit were implemented during the 2017-2018 school year. During the 2016-2017 school year, the Texas Association of School Boards conducted a salary compensation study to evaluate employee pay equity and salary comparisons in our market and began to implement their recommendations. Additionally, during the 2017-2018 school year the Texas Association of School Boards conducted a staffing study to evaluate the adequate staff in all departments.

Based on the above information, the District is expected to maintain the current fund balance while making the necessary adjustments to strengthen the school district academically as well as financially.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office at 240 N. Crockett Street, San Benito, Texas 78586.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019

EXHIBIT A-1

| Data<br>Control<br>Codes                       | Primary Government         |
|------------------------------------------------|----------------------------|
|                                                | Governmental<br>Activities |
| <b>ASSETS</b>                                  |                            |
| 1110 Cash and Cash Equivalents                 | \$ 66,781,216              |
| 1220 Property Taxes - Delinquent               | 2,877,149                  |
| 1230 Allowance for Uncollectible Taxes         | (287,715)                  |
| 1240 Due from Other Governments                | 11,341,581                 |
| 1250 Accrued Interest                          | 36                         |
| 1260 Internal Balances                         | -                          |
| 1267 Due from Fiduciary Funds                  | 393,046                    |
| 1290 Other Receivables, Net                    | 931                        |
| 1300 Inventories                               | 570,131                    |
| 1410 Prepayments                               | 326,157                    |
| 1490 Other Current Assets                      | 685                        |
| Capital Assets:                                |                            |
| 1510 Land                                      | 6,775,058                  |
| 1520 Buildings, Net                            | 79,932,411                 |
| 1530 Furniture and Equipment, Net              | 3,952,748                  |
| 1540 Other Capital Assets, Net                 | 5,369,633                  |
| 1000 Total Assets                              | 178,033,067                |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>          |                            |
| 1701 Deferred Charge for Refunding             | 3,911,164                  |
| 1705 Deferred Related to TRS Pension           | 18,621,233                 |
| 1706 Deferred Related to TRS OPEB              | 5,876,033                  |
| 1700 Total Deferred Outflows of Resources      | 28,408,430                 |
| <b>LIABILITIES</b>                             |                            |
| 2110 Accounts Payable                          | 5,082,948                  |
| 2150 Payroll Deductions and Withholdings       | 276,545                    |
| 2160 Accrued Wages Payable                     | 8,764,900                  |
| 2177 Due to Fiduciary Funds                    | 3,110                      |
| 2180 Due to Other Governments                  | 2,481,530                  |
| 2190 Due to Student Groups                     | 14                         |
| 2200 Accrued Expenses                          | 110                        |
| 2300 Unearned Revenue                          | 1,137,743                  |
| Noncurrent Liabilities:                        |                            |
| 2501 Due Within One Year                       | 4,712,906                  |
| 2502 Due in More Than One Year                 | 100,930,330                |
| 2540 Net Pension Liability (District's Share)  | 34,810,438                 |
| 2545 Net OPEB Liability (District's Share)     | 45,439,454                 |
| 2000 Total Liabilities                         | 203,640,028                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>           |                            |
| 2605 Deferred Inflow Related to TRS Pension    | 3,063,798                  |
| 2606 Deferred Inflow Related to TRS OPEB       | 14,369,050                 |
| 2600 Total Deferred Inflows of Resources       | 17,432,848                 |
| <b>NET POSITION</b>                            |                            |
| 3200 Net Investment in Capital Assets          | 25,886,245                 |
| 3820 Restricted for Federal and State Programs | 2,606,747                  |
| 3890 Restricted for Other Purposes             | 2,009,816                  |
| 3900 Unrestricted                              | (45,134,187)               |
| 3000 Total Net Position                        | \$ (14,631,379)            |

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

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B-1

| Data<br>Control<br>Codes | 1        | Program Revenues        |                                          | Net (Expense)<br>Revenue and<br>Changes in Net<br>Position |
|--------------------------|----------|-------------------------|------------------------------------------|------------------------------------------------------------|
|                          |          | 3                       | 4                                        | 6                                                          |
|                          | Expenses | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Primary Gov.<br>Governmental<br>Activities                 |

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

|                                                      |                |              |      |                 |
|------------------------------------------------------|----------------|--------------|------|-----------------|
| 11 Instruction                                       | \$ 69,712,415  | \$ -         | \$ - | \$ (69,712,415) |
| 12 Instructional Resources and Media Services        | 1,394,777      | -            | -    | (1,394,777)     |
| 13 Curriculum and Instructional Staff Development    | 2,571,377      | -            | -    | (2,571,377)     |
| 21 Instructional Leadership                          | 3,524,917      | -            | -    | (3,524,917)     |
| 23 School Leadership                                 | 6,738,738      | -            | -    | (6,738,738)     |
| 31 Guidance, Counseling and Evaluation Services      | 3,683,097      | -            | -    | (3,683,097)     |
| 32 Social Work Services                              | 566,214        | -            | -    | (566,214)       |
| 33 Health Services                                   | 1,188,340      | -            | -    | (1,188,340)     |
| 34 Student (Pupil) Transportation                    | 3,888,694      | 7,245        | -    | (3,881,449)     |
| 35 Food Services                                     | 9,159,323      | 422,669      | -    | (8,736,654)     |
| 36 Extracurricular Activities                        | 3,816,601      | 958,287      | -    | (2,858,314)     |
| 41 General Administration                            | 9,620,109      | 66,418       | -    | (9,553,691)     |
| 51 Facilities Maintenance and Operations             | 17,696,883     | 342,129      | -    | (17,354,754)    |
| 52 Security and Monitoring Services                  | 2,550,846      | -            | -    | (2,550,846)     |
| 53 Data Processing Services                          | 2,239,105      | -            | -    | (2,239,105)     |
| 61 Community Services                                | 786,092        | -            | -    | (786,092)       |
| 72 Debt Service - Interest on Long-Term Debt         | 1,650,124      | -            | -    | (1,650,124)     |
| 73 Debt Service - Bond Issuance Cost and Fees        | (100,569)      | -            | -    | 100,569         |
| 81 Capital Outlay                                    | 405,433        | -            | -    | (405,433)       |
| 93 Payments Related to Shared Services Arrangements  | 460,203        | -            | -    | (460,203)       |
| 95 Payments to Juvenile Justice Alternative Ed. Prg. | 5,429          | -            | -    | (5,429)         |
| 99 Other Intergovernmental Charges                   | 163,220        | -            | -    | (163,220)       |
| [TP] TOTAL PRIMARY GOVERNMENT:                       | \$ 141,721,368 | \$ 1,796,748 | \$ - | (139,924,620)   |

Data  
Control  
Codes

General Revenues:

Taxes:

|    |                                              |                 |
|----|----------------------------------------------|-----------------|
| MT | Property Taxes, Levied for General Purposes  | 13,486,719      |
| DT | Property Taxes, Levied for Debt Service      | 1,434,800       |
| GC | Grants and Contributions not Restricted      | 118,834,643     |
| IE | Investment Earnings                          | 1,066,826       |
| MI | Miscellaneous Local and Intermediate Revenue | 11,894          |
| TR | Total General Revenues                       | 134,834,882     |
| CN | Change in Net Position                       | (5,089,738)     |
| NB | Net Position - Beginning                     | (10,312,684)    |
| PA | Prior Period Adjustment                      | 771,043         |
| NE | Net Position--Ending                         | \$ (14,631,379) |

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

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

| Data<br>Control<br>Codes                                 | 10<br>General<br>Fund | 60<br>Capital<br>Projects | Other<br>Funds      | Total<br>Governmental<br>Funds |
|----------------------------------------------------------|-----------------------|---------------------------|---------------------|--------------------------------|
| <b>ASSETS</b>                                            |                       |                           |                     |                                |
| 1110 Cash and Cash Equivalents                           | \$ 32,684,781         | \$ 30,942,768             | \$ 2,726,790        | \$ 66,354,339                  |
| 1220 Property Taxes - Delinquent                         | 2,563,727             | -                         | 313,422             | 2,877,149                      |
| 1230 Allowance for Uncollectible Taxes                   | (256,373)             | -                         | (31,342)            | (287,715)                      |
| 1240 Due from Other Governments                          | 8,201,656             | -                         | 3,139,925           | 11,341,581                     |
| 1250 Accrued Interest                                    | 36                    | -                         | -                   | 36                             |
| 1260 Due from Other Funds                                | 6,598,225             | 3,995                     | 167,000             | 6,769,220                      |
| 1290 Other Receivables                                   | 368                   | -                         | 563                 | 931                            |
| 1300 Inventories                                         | 570,131               | -                         | -                   | 570,131                        |
| 1410 Prepayments                                         | 326,157               | -                         | -                   | 326,157                        |
| 1490 Other Current Assets                                | 685                   | -                         | -                   | 685                            |
| 1000 Total Assets                                        | <u>\$ 50,689,393</u>  | <u>\$ 30,946,763</u>      | <u>\$ 6,316,358</u> | <u>\$ 87,952,514</u>           |
| <b>LIABILITIES</b>                                       |                       |                           |                     |                                |
| 2110 Accounts Payable                                    | \$ 1,795,292          | \$ -                      | \$ 532,738          | \$ 2,328,030                   |
| 2150 Payroll Deductions and Withholdings Payable         | 272,367               | -                         | 4,178               | 276,545                        |
| 2160 Accrued Wages Payable                               | 8,108,342             | -                         | 656,558             | 8,764,900                      |
| 2170 Due to Other Funds                                  | 4,097,104             | 300,000                   | 2,902,735           | 7,299,839                      |
| 2180 Due to Other Governments                            | 2,437,287             | -                         | 44,243              | 2,481,530                      |
| 2190 Due to Student Groups                               | 14                    | -                         | -                   | 14                             |
| 2200 Accrued Expenditures                                | 110                   | -                         | -                   | 110                            |
| 2300 Unearned Revenue                                    | 88,685                | -                         | 1,049,058           | 1,137,743                      |
| 2000 Total Liabilities                                   | <u>16,799,201</u>     | <u>300,000</u>            | <u>5,189,510</u>    | <u>22,288,711</u>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                     |                       |                           |                     |                                |
| 2601 Unavailable Revenue - Property Taxes                | <u>2,307,354</u>      | <u>-</u>                  | <u>282,080</u>      | <u>2,589,434</u>               |
| 2600 Total Deferred Inflows of Resources                 | <u>2,307,354</u>      | <u>-</u>                  | <u>282,080</u>      | <u>2,589,434</u>               |
| <b>FUND BALANCES</b>                                     |                       |                           |                     |                                |
| Nonspendable Fund Balance:                               |                       |                           |                     |                                |
| 3410 Inventories                                         | 570,131               | -                         | -                   | 570,131                        |
| 3430 Prepaid Items                                       | 326,157               | -                         | -                   | 326,157                        |
| Restricted Fund Balance:                                 |                       |                           |                     |                                |
| 3450 Federal or State Funds Grant Restriction            | 2,606,747             | -                         | -                   | 2,606,747                      |
| Assigned Fund Balance:                                   |                       |                           |                     |                                |
| 3590 Other Assigned Fund Balance                         | 1,113,528             | -                         | -                   | 1,113,528                      |
| 3600 Unassigned Fund Balance                             | 26,966,275            | 30,646,763                | 844,768             | 58,457,806                     |
| 3000 Total Fund Balances                                 | <u>31,582,838</u>     | <u>30,646,763</u>         | <u>844,768</u>      | <u>63,074,369</u>              |
| 4000 Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 50,689,393</u>  | <u>\$ 30,946,763</u>      | <u>\$ 6,316,358</u> | <u>\$ 87,952,514</u>           |

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

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2019

EXHIBIT C-2

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| <b>Total Fund Balances - Governmental Funds</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>\$ 63,074,369</b>   |
| 1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to decrease net position.                                                                                                                                                                                                                                                                                                                      | (1,407,486)            |
| 2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$217,733,832 and the accumulated depreciation was (\$86,698,178). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position. Note: Beginning Balances related to TRS are NOT included in this amount. | 20,141,744             |
| 3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2019 capital outlays and debt principal payments is to increase net position.                                                                                                                                                                                                                                                                                                                   | 7,147,733              |
| 4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$18,621,233, a deferred resource inflow in the amount of \$3,063,798, and a net position liability in the amount of \$34,810,438. This resulted in a decrease in net position.                                                                                                                                                                                                                                                                      | (19,253,003)           |
| 5 Included in the items related to debt is the recognition of the District's proportionate share of the Net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$5,876,033, a deferred resource inflow in the amount of \$14,369,050, and a net OPEB liability in the amount of \$45,439,454. This resulted in a decrease in net position.                                                                                                                                                                                                                                                                             | (53,932,471)           |
| 6 The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | (476,522)              |
| 7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.                                                                                                                                                                                               | (29,925,743)           |
| <b>19 Net Position of Governmental Activities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>\$ (14,631,379)</b> |

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

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT C-3

| Data Control Codes                                             | 10 General Fund | 60 Capital Projects | Other Funds  | Total Governmental Funds |
|----------------------------------------------------------------|-----------------|---------------------|--------------|--------------------------|
| <b>REVENUES:</b>                                               |                 |                     |              |                          |
| 5700 Total Local and Intermediate Sources                      | \$ 14,715,730   | \$ 222,932          | \$ 1,885,646 | \$ 16,824,308            |
| 5800 State Program Revenues                                    | 84,409,822      | -                   | 5,317,020    | 89,726,842               |
| 5900 Federal Program Revenues                                  | 12,380,487      | -                   | 13,446,293   | 25,826,780               |
| 5020 Total Revenues                                            | 111,506,039     | 222,932             | 20,648,959   | 132,377,930              |
| <b>EXPENDITURES:</b>                                           |                 |                     |              |                          |
| Current:                                                       |                 |                     |              |                          |
| 0011 Instruction                                               | 55,283,603      | -                   | 10,121,673   | 65,405,276               |
| 0012 Instructional Resources and Media Services                | 1,308,846       | -                   | -            | 1,308,846                |
| 0013 Curriculum and Instructional Staff Development            | 1,320,359       | -                   | 1,187,994    | 2,508,353                |
| 0021 Instructional Leadership                                  | 1,868,968       | -                   | 1,389,868    | 3,258,836                |
| 0023 School Leadership                                         | 6,132,191       | -                   | 66,401       | 6,198,592                |
| 0031 Guidance, Counseling and Evaluation Services              | 2,967,764       | -                   | 777,820      | 3,745,584                |
| 0032 Social Work Services                                      | 378,706         | -                   | 149,561      | 528,267                  |
| 0033 Health Services                                           | 1,075,348       | -                   | 78,686       | 1,154,034                |
| 0034 Student (Pupil) Transportation                            | 3,477,725       | -                   | -            | 3,477,725                |
| 0035 Food Services                                             | 8,872,484       | -                   | -            | 8,872,484                |
| 0036 Extracurricular Activities                                | 3,280,665       | -                   | 373,588      | 3,654,253                |
| 0041 General Administration                                    | 4,716,058       | -                   | -            | 4,716,058                |
| 0051 Facilities Maintenance and Operations                     | 18,794,916      | -                   | 5,542        | 18,800,458               |
| 0052 Security and Monitoring Services                          | 2,361,360       | -                   | 43,709       | 2,405,069                |
| 0053 Data Processing Services                                  | 2,190,921       | -                   | -            | 2,190,921                |
| 0061 Community Services                                        | 267,743         | -                   | 474,448      | 742,191                  |
| Debt Service:                                                  |                 |                     |              |                          |
| 0071 Principal on Long-Term Debt                               | 640,163         | -                   | 3,375,000    | 4,015,163                |
| 0072 Interest on Long-Term Debt                                | 60,074          | -                   | 2,681,856    | 2,741,930                |
| 0073 Bond Issuance Cost and Fees                               | 250             | -                   | 1,250        | 1,500                    |
| Capital Outlay:                                                |                 |                     |              |                          |
| 0081 Facilities Acquisition and Construction                   | 750,933         | 326,169             | -            | 1,077,102                |
| Intergovernmental:                                             |                 |                     |              |                          |
| 0093 Payments to Fiscal Agent/Member Districts of SSA          | -               | -                   | 460,203      | 460,203                  |
| 0095 Payments to Juvenile Justice Alternative Ed. Prg.         | 5,429           | -                   | -            | 5,429                    |
| 0099 Other Intergovernmental Charges                           | 163,220         | -                   | -            | 163,220                  |
| 6030 Total Expenditures                                        | 115,917,726     | 326,169             | 21,187,599   | 137,431,494              |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,411,687)     | (103,237)           | (538,640)    | (5,053,564)              |
| <b>OTHER FINANCING SOURCES (USES):</b>                         |                 |                     |              |                          |
| 7911 Capital Related Debt Issued (Regular Bonds)               | -               | 30,750,000          | -            | 30,750,000               |
| 7914 Non-Current Loans                                         | 2,240,000       | -                   | -            | 2,240,000                |
| 7915 Transfers In                                              | 1,963,939       | -                   | 354,192      | 2,318,131                |
| 8911 Transfers Out (Use)                                       | (1,568,131)     | -                   | -            | (1,568,131)              |
| 8940 Payment to Bond Refunding Escrow Agent (Use)              | (195)           | -                   | -            | (195)                    |
| 7080 Total Other Financing Sources (Uses)                      | 2,635,613       | 30,750,000          | 354,192      | 33,739,805               |
| 1200 Net Change in Fund Balances                               | (1,776,074)     | 30,646,763          | (184,448)    | 28,686,241               |
| 0100 Fund Balance - July 1 (Beginning)                         | 32,587,869      | -                   | 1,029,216    | 33,617,085               |
| 1300 Prior Period Adjustment                                   | 771,043         | -                   | -            | 771,043                  |
| 3000 Fund Balance - June 30 (Ending)                           | \$ 31,582,838   | \$ 30,646,763       | \$ 844,768   | \$ 63,074,369            |

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

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT C-4

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| <b>Total Net Change in Fund Balances - Governmental Funds</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | \$ 28,686,241                |
| The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net position.                                                                                                                                                                                                                                                                                                                                                                                             | (5,416,411)                  |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2018 capital outlays and debt principal payments is to increase net position.                                                                                                                                                                                                                                                                                                                                                   | 7,147,733                    |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | (476,522)                    |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.                                                                                                                                                                  | (31,554,288)                 |
| GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,728,003. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$1,821,302. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$2,766,659. The net result is a (decrease) in the change in net position. | (2,859,958)                  |
| GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$562,498. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$432,086. Finally, the proportionate share of the TRS OPEB expense on the plan as whole had to be recorded. The net OPEB expense decreased the change in net position by \$746,945. The net result is a (decrease) in the change in net position.                  | (616,533)                    |
| <b>Change in Net Position of Governmental Activities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <u><u>\$ (5,089,738)</u></u> |

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

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

|                           | Governmental<br>Activities - |
|---------------------------|------------------------------|
|                           | Internal<br>Service Fund     |
| <hr/>                     |                              |
| ASSETS                    |                              |
| Current Assets:           |                              |
| Cash and Cash Equivalents | \$ 426,877                   |
| Due from Other Funds      | <u>923,214</u>               |
| Total Assets              | <u>1,350,091</u>             |
| LIABILITIES               |                              |
| Current Liabilities:      |                              |
| Accounts Payable          | 2,754,919                    |
| Due to Other Funds        | <u>2,659</u>                 |
| Total Liabilities         | <u>2,757,578</u>             |
| NET POSITION              |                              |
| Unrestricted Net Position | <u>(1,407,487)</u>           |
| Total Net Position        | <u><u>\$ (1,407,487)</u></u> |

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

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

|                                           | Governmental<br>Activities -     |
|-------------------------------------------|----------------------------------|
|                                           | Internal<br>Service Fund         |
| OPERATING REVENUES:                       |                                  |
| Local and Intermediate Sources            | \$ 7,033,716                     |
| Total Operating Revenues                  | <u>7,033,716</u>                 |
| OPERATING EXPENSES:                       |                                  |
| Professional and Contracted Services      | 11,653,481                       |
| Supplies and Materials                    | 13,534                           |
| Other Operating Costs                     | 33,113                           |
| Total Operating Expenses                  | <u>11,700,128</u>                |
| Income (Loss) Before Transfers            | (4,666,412)                      |
| Transfers In                              | <u>(750,000)</u>                 |
| Change in Net Position                    | (5,416,412)                      |
| Total Net Position - July 1 (Beginning)   | <u>4,008,925</u>                 |
| <br>Total Net Position - June 30 (Ending) | <br><u><u>\$ (1,407,487)</u></u> |

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

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

|                                                                   | Governmental<br>Activities         |
|-------------------------------------------------------------------|------------------------------------|
|                                                                   | Total<br>Internal<br>Service Funds |
| <u>Cash Flows from Operating Activities:</u>                      |                                    |
| Cash Received from User Charges                                   | \$ 7,033,716                       |
| Cash Payments for Insurance Claims                                | (10,767,532)                       |
| Cash Payments for Suppliers                                       | (46,647)                           |
|                                                                   | <u>(3,780,463)</u>                 |
| Net Cash provided by Operating Activities                         | <u>(3,780,463)</u>                 |
| Operating Transfer In                                             | 750,000                            |
| Net increase in Cash and Cash Equivalents                         | (3,030,463)                        |
| Cash and Cash Equivalents at Beginning of Year                    | <u>3,457,339</u>                   |
| Cash and Cash Equivalents at End of Year                          | <u>\$ 426,876</u>                  |
| <u>Reconciliation of Operating Income to Net Cash Provided by</u> |                                    |
| <u>Operating Activities:</u>                                      |                                    |
| Operating Loss:                                                   | \$ (4,666,412)                     |
| Effects of Increases and Decreases in Current                     |                                    |
| Assets and Liabilities:                                           |                                    |
| Increase in Due From Other Funds                                  | (1,248,842)                        |
| Increase in Accounts Payable                                      | 2,134,791                          |
|                                                                   | <u>(1,114,051)</u>                 |
| Net Cash Provided by Operating Activities                         | <u>\$ (3,780,463)</u>              |

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

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019

|                           | Private<br>Purpose<br>Trust Funds | Agency<br>Funds   |
|---------------------------|-----------------------------------|-------------------|
| <b>ASSETS</b>             |                                   |                   |
| Cash and Cash Equivalents | \$ 1,938                          | \$ 477,653        |
| Investments - Current     | 106,359                           | -                 |
| Due from Other Funds      | 2,930                             | 180               |
| Total Assets              | <u>\$ 111,227</u>                 | <u>\$ 477,833</u> |
| <b>LIABILITIES</b>        |                                   |                   |
| Due to Other Funds        | \$ 171                            | \$ 392,875        |
| Due to Student Groups     | 104,948                           | 84,958            |
| Unearned Revenues         | 6,102                             | -                 |
| Total Liabilities         | <u>111,221</u>                    | <u>\$ 477,833</u> |
| <b>NET POSITION</b>       |                                   |                   |
| Unrestricted Net Position | <u>6</u>                          |                   |
| Total Net Position        | <u>\$ 6</u>                       |                   |

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

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

San Benito Consolidated School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its 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 (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

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

**A. REPORTING ENTITY**

The Board of Trustees includes seven eligible members elected at large by the qualified voters of the San Benito Consolidated Independent School District. The governing Board derives its powers from the statutes of the State of Texas and the rules and regulations of the Texas State Department of Education. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board ("GASB").

For financial reporting purposes, the San Benito Consolidated Independent School District Public Facility Corporation ("PFC") is included in the operations and activities of the District because of the fiscal dependency criteria whereby the PFC serves the District exclusively.

The San Benito Consolidated Independent School District Public Facility Corporation ("PFC"), a blended component unit, was organized to finance the construction of a new multi-purpose stadium for the District. SBCISD PFC is governed by a Board of Directors composed of the San Benito Consolidated Independent School District Board of Trustees. The SBCISD PFC is blended as part of the governmental activities.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

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

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/from on the government-wide Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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

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

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

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

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

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

Unearned revenues arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the government has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net assets, and unrestricted net assets.

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

**D. BASIS OF PRESENTATION – FUND ACCOUNTING**

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

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

The District reports the following major governmental funds:

1. **General Fund** - is used to account for financial resources used for general operations. This is a budgeted fund and any fund balances are considered resources available for current operations. All revenues and expenditures not required to be accounted for in other funds, are accounted for in this fund.
2. **Capital Projects Fund** – is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and related capital asset acquisitions

Additionally, the District reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by the District or a grantor. Federal and State financial assistance generally is accounted for in a Special Revenue Fund. Normally, unused balances are returned to the grantor at the close of specified project periods.
2. **Debt Service Fund** - is used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Proprietary Funds:

1. **Internal Service Funds** - are used to account for revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund.

Fiduciary funds:

1. **Private Purpose Trust Funds** – are used to account for donations for which the donor stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds include the General Scholarship Fund, the Fallingant Trust and Montemayor Memorial Trust Fund.
2. **Agency Funds** – are used to account for resources held for others in a custodial capacity.

**E. OTHER ACCOUNTING POLICIES**

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased.
2. Investments consist largely of money market funds and government investment pools. The District's investments are carried at fair value based on quoted market prices at year-end, in accordance with U.S. generally accepted accounting principles. Investments having a maturity of three months or less are reported as cash and cash equivalents.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*. Money market investment which are short-term, highly liquid debt instruments including commercial paper, bankers' acceptances and U.S. Treasury and agency obligations are reported at fair value.

3. Inventories of supplies on the balance sheet are stated at weighted average cost and they include consumable maintenance and food service items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
4. In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

5. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental activities' columns in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, furniture and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>           | <u>Years</u> |
|-------------------------|--------------|
| Infrastructure          | 30           |
| Buildings               | 52           |
| Buildings improvements  | 20           |
| Vehicles                | 2-15         |
| Furniture and equipment | 2-15         |

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

6. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.
8. The governmental fund financial statements present fund balances on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution by the Board. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting.

Board commitments cannot exceed the amount of fund balance that is greater than the sum of non-spendable and restricted fund balances since that practice would commit funds that the District does not have. Board commitments must occur before the end of the reporting period with amounts to be determined subsequently.

- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board, the Superintendent, or Superintendent's designee.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

The order of spending and availability shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and unassigned.

9. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts and service centers to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.
10. The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.
11. Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The official budget was prepared for adoption for the required Governmental Fund types. The General Fund, Child Nutrition Fund and Debt Service Fund Budget reports appear in Exhibits G-1, J-2, J-3 respectively. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 26<sup>th</sup> the District prepares a budget for the next succeeding fiscal year beginning July 1<sup>st</sup>. 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. Public notice of the meeting must be given at least ten days prior to the meeting.
3. Prior to July 1<sup>st</sup>, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. During the year, the budget was amended as necessary.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function or object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30<sup>st</sup>, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. The District had no outstanding end-of-year encumbrances.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2019, expenditures exceeded appropriations in the following functions as noted:

| <u>Function</u>                    | <u>Amount</u> |
|------------------------------------|---------------|
| 72 Interest on Long-Term Debt      | \$ 30,957     |
| 99 Other Intergovernmental Charges | 38,220        |

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES**

**A. DEPOSITS AND INVESTMENTS**

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

At June 30, 2019, the carrying amount of the District's deposits (cash, and interest-bearing savings accounts), excluding agency funds was \$2,306,491 and the bank balance was \$4,812,808. The District's cash deposits at June 30, 2019 and the year ended were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

District Policies and Legal Contractual Provisions Governing Deposits

**Custodial Credit Risk for Deposits** – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial risk for deposits due to credit risk for deposits was not applicable.

**Foreign Currency Risk for Deposits** – The District limits the risk that changes in exchange rates will adversely affect the fair value of a deposit. At year-end, the District was not exposed to foreign currency risk.

District Policies and Legal Contractual Provisions Governing 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. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the 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.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

The District's temporary investments at June 30, 2019 are shown below:

| Investment Type      | Fair Value           | Investment Maturities (in years ) |             |             |              |
|----------------------|----------------------|-----------------------------------|-------------|-------------|--------------|
|                      |                      | Less Than 1                       | 1 to 5      | 6 to 10     | More Than 10 |
| Lone Star Investment | \$ 57,767,552        | \$ 57,767,552                     | \$ -        | \$ -        | \$ -         |
| Frost Investment     | 4,981,837            | 4,981,837                         | -           | -           | -            |
| Texas Class          | <u>1,725,336</u>     | <u>1,725,336</u>                  | <u>-</u>    | <u>-</u>    | <u>-</u>     |
| Total                | <u>\$ 64,474,725</u> | <u>\$ 64,474,725</u>              | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u>  |

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Lone Star and Texas Class each have a redemption notice period of one day and may redeem daily. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

**Credit Risk** – The District's investment policy allows for investments in commercial paper provided that it meets the following criteria:

Commercial paper that has a stated maturity of 270 days or fewer from the date of issuance is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or by one nationally recognized credit rating agency provided the commercial paper is fully secured by an irrevocable letter of credit issued by a bank organized and existing under U.S. law or the law of any state. The District's local policy allows commercial paper with government investment pools.

**Custodial Risk for Investments** – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy addresses custodial credit risk by requiring diversification in terms of investment instruments, maturity scheduling, and financial institutions.

**Concentration of Credit Risk** – The investment portfolio is diversified in terms of investment instruments and maturity scheduling to reduce risk of loss resulting from over concentration of assets in specific class of investments, specific maturity or specific issuer.

As of June 30, 2019, the following was the composite of the District's investment portfolio:

|                      |             |
|----------------------|-------------|
| Lone Star Investment | 90%         |
| Frost Investment     | 8%          |
| Texas Class          | <u>3%</u>   |
| Total                | <u>100%</u> |

**Interest Rate Risk** – The risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District's investment policy does not allow the purchase of investments that would expose the District to interest-rate risk.

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**Foreign Currency Risk for Investments** – The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

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

**B. PROPERTY TAXES**

Property taxes are levied by October 1<sup>st</sup> 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<sup>st</sup> of the year following the year in which imposed. On January 1<sup>st</sup> of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District's 2018 tax rate was \$1.17 for maintenance and \$0.1349 for debt service for a total of \$1.3049 per \$100 assessed valuation. The 2018 assessed valuation was \$1,542,430,289. Allowances for Uncollectible Taxes 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. At June 30, 2019, property taxes receivable of \$2,563,727 and \$313,422, net estimated uncollectible taxes of \$256,373 and \$31,342, total \$2,307,354 and \$282,080 for the General and Debt Service Funds, respectively.

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**C. INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2019 consisted of the following individual fund balances:

|                               | Due From<br><u>Other Funds</u> | Due To<br><u>Other Funds</u> |
|-------------------------------|--------------------------------|------------------------------|
| <u>General Fund</u>           |                                |                              |
| General Fund                  | \$ 2,169,140                   | \$ 869,912                   |
| Special Revenue Funds         | 3,432,972                      | 145,023                      |
| Debt Service Funds            | 300,000                        | 16,146                       |
| Capital Project Funds         | 300,000                        | -                            |
| Trust and Agency Funds        | 393,454                        | 2,333,622                    |
| Internal Service Funds        | 2,659                          | 732,401                      |
| Total General Fund            | <u>6,598,225</u>               | <u>4,097,104</u>             |
| <u>Special Revenue Funds</u>  |                                |                              |
| General Fund                  | 145,959                        | 2,521,074                    |
| Special Revenue Funds         | 4,895                          | 13,651                       |
| Internal Service Funds        | -                              | 64,015                       |
| Total Special Revenue Funds   | <u>150,854</u>                 | <u>2,598,740</u>             |
| <u>Debt Service Funds</u>     |                                |                              |
| General Fund                  | 16,146                         | 300,000                      |
| Capital Project Funds         | -                              | 3,995                        |
| Total Debt Service Funds      | <u>16,146</u>                  | <u>303,995</u>               |
| <u>Capital Projects Funds</u> |                                |                              |
| Debt Service Funds            | 3,995                          | -                            |
| General Fund                  | -                              | 300,000                      |
| Total Capital Projects Funds  | <u>3,995</u>                   | <u>300,000</u>               |
| <u>Internal Service Funds</u> |                                |                              |
| General Fund                  | 859,199                        | 2,659                        |
| Special Revenue Funds         | 64,015                         | -                            |
| Total Internal Service Funds  | <u>923,214</u>                 | <u>2,659</u>                 |
| <u>Trust and Agency Funds</u> |                                |                              |
| General Fund                  | 3,110                          | 393,046                      |
| Total Trust and Agency Funds  | <u>3,110</u>                   | <u>393,046</u>               |
| Totals                        | <u>\$ 7,695,544</u>            | <u>\$ 7,695,544</u>          |

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**D. DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from and to federal and state governments as of June 30, 2019, are disaggregated below:

| Fund            | State<br>Entitlements | Federal<br>Grants   | Other             | Total                |
|-----------------|-----------------------|---------------------|-------------------|----------------------|
| General         | \$ 7,508,414          | \$ 100,962          | \$ 592,280        | \$ 8,201,656         |
| Special Revenue | 558,047               | 2,581,878           | -                 | 3,139,925            |
| Total           | <u>\$ 8,066,461</u>   | <u>\$ 2,682,840</u> | <u>\$ 592,280</u> | <u>\$ 11,341,581</u> |

**E. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended June 30, 2019, was as follows:

|                                             | Balance<br>6/30/2018 | Changes During Year |                                   | Balance<br>6/30/2019 |
|---------------------------------------------|----------------------|---------------------|-----------------------------------|----------------------|
|                                             |                      | Additions           | Reclassifications/<br>Adjustments |                      |
| Governmental activities:                    |                      |                     |                                   |                      |
| Capital assets not being depreciated        |                      |                     |                                   |                      |
| Land                                        | \$ 6,672,624         | \$ 102,434          | -                                 | \$ 6,775,058         |
| Total capital assets not being depreciated  | <u>6,672,624</u>     | <u>102,434</u>      | <u>-</u>                          | <u>6,775,058</u>     |
| Capital assets being depreciated            |                      |                     |                                   |                      |
| Buildings & improvements                    | 187,766,781          | 210,002             | -                                 | 187,976,783          |
| Furniture & equipment                       | 12,730,307           | 1,080,432           | -                                 | 13,810,739           |
| Vehicles                                    | 10,564,120           | 428,958             | (1,606,668)                       | 9,386,410            |
| Capital Lease                               | -                    | 1,313,744           | 1,606,668                         | 2,920,412            |
| Total capital assets being depreciated      | <u>211,061,208</u>   | <u>3,033,136</u>    | <u>-</u>                          | <u>214,094,344</u>   |
| Less accumulated depreciation:              |                      |                     |                                   |                      |
| Buildings & improvements                    | (108,039,333)        | (5,039)             | -                                 | (108,044,372)        |
| Furniture & equipment                       | (9,607,908)          | (250,083)           | -                                 | (9,857,991)          |
| Vehicles                                    | (6,715,789)          | (221,400)           | -                                 | (6,937,189)          |
| Capital Lease                               | -                    | -                   | -                                 | -                    |
| Total accumulated depreciation              | <u>(124,363,030)</u> | <u>(476,522)</u>    | <u>-</u>                          | <u>(124,839,552)</u> |
| Total capital assets being depreciation     | <u>86,698,178</u>    | <u>2,556,614</u>    | <u>-</u>                          | <u>89,254,792</u>    |
| Governmental activities capital assets, net | <u>\$ 93,370,802</u> | <u>\$ 2,659,048</u> | <u>\$ -</u>                       | <u>\$ 96,029,850</u> |

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Depreciation expense was charged to governmental functions as follows:

|                                          |                   |
|------------------------------------------|-------------------|
| Instructional                            | \$ 78,111         |
| Health Services                          | 2,210             |
| Student (Pupil) Transportation           | 199,073           |
| Food Services                            | 60,443            |
| Co-Curricular/Extracurricular Activities | 6,219             |
| General Administration                   | 528               |
| Plant Maintenance and Operations         | 75,155            |
| Security and Monitoring Services         | 12,557            |
| Data Processing Services                 | 34,567            |
| Facilities Acquisition and Construction  | 7,659             |
| Total Depreciation Expense               | <u>\$ 476,522</u> |

**F. LONG TERM OBLIGATIONS**

Bonds Payable

Bonded indebtedness of the District is reflected in the Long-Term Debt, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The bonds are guaranteed by the Permanent School Fund of the State of Texas in accordance with Article 7, Section 5 of the Texas Constitution, and Subchapter C of Chapter 45 of the Texas Education Code.

In June 2019, the District issued \$27,790,000 Unlimited Tax Refunding Bonds, Series 2019. The bonds are current interest bonds with interest ranging from 2% to 5% on installment payments ranging from \$65,000 to \$1,825,000 maturing in 2049. The bonds were issued to purchase District buildings.

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A summary of changes in bonds payable for the year ended June 30, 2019 is as follows:

|                                    | Interest      | Original            | Interest            | Balance              |                      | Principal             | Balance              | Due Within          |
|------------------------------------|---------------|---------------------|---------------------|----------------------|----------------------|-----------------------|----------------------|---------------------|
| <u>Description</u>                 | <u>Rate</u>   | <u>Issue Amount</u> | <u>Current Year</u> | <u>6/30/2018</u>     | <u>Issued</u>        | <u>Retired</u>        | <u>6/30/2019</u>     | <u>One Year</u>     |
| <i>Bonds Payable</i>               |               |                     |                     |                      |                      |                       |                      |                     |
| G.O. Bonds - Unlimited             |               |                     |                     |                      |                      |                       |                      |                     |
| Tax School/ Series 2010            |               |                     |                     |                      |                      |                       |                      |                     |
| Refunding Building Bonds           | 2.52% - 2.91% | \$ 3,535,000        | \$ 31,800           | \$ 1,060,000         | \$ -                 | \$ (1,060,000)        | \$ -                 | \$ -                |
| G.O. Bonds - Unlimited             |               |                     |                     |                      |                      |                       |                      |                     |
| Tax School/ Series 2011            |               |                     |                     |                      |                      |                       |                      |                     |
| Refunding Bonds                    | 2.00% - 3.50% | 8,470,000           | 246,800             | 7,380,000            | -                    | (1,135,000)           | 6,245,000            | 1,165,000           |
| G.O. Bonds - Unlimited             |               |                     |                     |                      |                      |                       |                      |                     |
| Tax School/ Series 2012            |               |                     |                     |                      |                      |                       |                      |                     |
| Refunding Building Bonds           | 2.00% - 5.00% | 20,355,000          | 700,006             | 19,440,000           | -                    | (95,000)              | 19,345,000           | 95,000              |
| G.O. Bonds - Unlimited             |               |                     |                     |                      |                      |                       |                      |                     |
| Tax School/ Series 2014            |               |                     |                     |                      |                      |                       |                      |                     |
| Refunding Bonds                    | 2.00% - 5.00% | 15,790,000          | 475,250             | 9,505,000            | -                    | (205,000)             | 9,300,000            | 1,365,000           |
| G.O. Bonds - Unlimited             |               |                     |                     |                      |                      |                       |                      |                     |
| Tax School/ Series 2016            |               |                     |                     |                      |                      |                       |                      |                     |
| Refunding Building Bonds           | 2.00% - 5.00% | 30,580,000          | 1,228,000           | 28,350,000           | -                    | (880,000)             | 27,470,000           | 925,000             |
| G.O. Bonds - Unlimited             |               |                     |                     |                      |                      |                       |                      |                     |
| Tax School/ Series 2019            |               |                     |                     |                      |                      |                       |                      |                     |
| Refunding Building Bonds           | 2.00% - 5.00% | 27,790,000          | -                   | -                    | 27,790,000           | -                     | 27,790,000           | 310,000             |
| <i>Lease Revenue Bonds Payable</i> |               |                     |                     |                      |                      |                       |                      |                     |
| Lease Revenue Bonds Payable-2006   | 4.01% - 4.68% | 4,500,000           | -                   | 2,375,000            | -                    | (250,000)             | 2,125,000            | 265,000             |
| Totals                             |               |                     | <u>\$ 2,681,856</u> | <u>\$ 68,110,000</u> | <u>\$ 27,790,000</u> | <u>\$ (3,625,000)</u> | <u>\$ 92,275,000</u> | <u>\$ 4,125,000</u> |

Annual debt service requirements to maturity for general obligation and lease revenue bonds are as follows:

| Year Ended<br>June 30, | <u>Bonds Payable</u> |                      | <u>Lease Revenue Bonds</u> |                   | <u>Total Requirements</u> |                      |
|------------------------|----------------------|----------------------|----------------------------|-------------------|---------------------------|----------------------|
|                        | <u>Principal</u>     | <u>Interest</u>      | <u>Principal</u>           | <u>Interest</u>   | <u>Principal</u>          | <u>Interest</u>      |
| 2020                   | \$ 3,860,000         | \$ 3,392,407         | \$ 265,000                 | \$ 26,052         | \$ 4,125,000              | \$ 3,418,459         |
| 2021                   | 3,770,000            | 3,696,682            | 275,000                    | 22,803            | 4,045,000                 | 3,719,485            |
| 2022                   | 3,945,000            | 3,528,258            | 290,000                    | 19,432            | 4,235,000                 | 3,547,690            |
| 2023                   | 4,115,000            | 3,351,256            | 305,000                    | 15,876            | 4,420,000                 | 3,367,132            |
| 2024                   | 4,320,000            | 3,166,432            | 315,000                    | 12,137            | 4,635,000                 | 3,178,569            |
| 2024-2029              | 19,555,000           | 12,998,578           | 675,000                    | 12,505            | 20,230,000                | 13,011,083           |
| 2020-2034              | 22,395,000           | 9,045,203            | -                          | -                 | 22,395,000                | 9,045,203            |
| 2035-2039              | 13,010,000           | 4,749,625            | -                          | -                 | 13,010,000                | 4,749,625            |
| 2040-2044              | 6,740,000            | 2,732,750            | -                          | -                 | 6,740,000                 | 2,732,750            |
| 2045-2049              | 8,440,000            | 1,039,800            | -                          | -                 | 8,440,000                 | 1,039,800            |
| Total                  | <u>\$ 90,150,000</u> | <u>\$ 47,700,991</u> | <u>\$ 2,125,000</u>        | <u>\$ 108,805</u> | <u>\$ 92,275,000</u>      | <u>\$ 47,809,796</u> |

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Capital Leases

In June 2019, the District entered into a capital lease agreement with Frost Bank for the LED project. The installment payments are of \$269,748 with an interest rate of 3.53% maturing in 2029.

A summary of changes in capital leases for the year ended June 30, 2019 is as follows:

|                    | Interest    | Original            | Interest            | Balance             |                     | Principal           | Balance             | Due Within        |
|--------------------|-------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| <u>Description</u> | <u>Rate</u> | <u>Issue Amount</u> | <u>Current Year</u> | <u>6/30/2018</u>    | <u>Issued</u>       | <u>Retired</u>      | <u>6/30/2019</u>    | <u>One Year</u>   |
| Santander Bank     | 2.60%       | \$ 1,672,616        | \$ 30,990           | \$ 1,191,947        | \$ -                | \$ (387,163)        | \$ 804,784          | \$ 397,230        |
| Frost Bank         | 3.53%       | 2,240,000           | -                   | -                   | 2,240,000           | -                   | 2,240,000           | 190,676           |
| Totals             |             |                     | <u>\$ 30,990</u>    | <u>\$ 1,191,947</u> | <u>\$ 2,240,000</u> | <u>\$ (387,163)</u> | <u>\$ 3,044,784</u> | <u>\$ 587,906</u> |

Annual debt service requirements to maturity for capital leases are as follows:

| Year Ended      | <u>Capital Leases</u> |                   | Total               |
|-----------------|-----------------------|-------------------|---------------------|
| <u>June 30.</u> | <u>Principal</u>      | <u>Interest</u>   | <u>Required</u>     |
| 2020            | \$ 587,906            | \$ 99,996         | \$ 687,902          |
| 2021            | 604,961               | 82,941            | 687,902             |
| 2022            | 204,375               | 65,373            | 269,748             |
| 2023            | 211,590               | 58,158            | 269,748             |
| 2024            | 219,059               | 50,689            | 269,748             |
| 2024-2029       | <u>1,216,893</u>      | <u>131,848</u>    | <u>1,348,741</u>    |
| Total           | <u>\$ 3,044,784</u>   | <u>\$ 489,005</u> | <u>\$ 3,533,789</u> |

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

|                             | Balance               |                      |                       | Balance               | Due Within          |
|-----------------------------|-----------------------|----------------------|-----------------------|-----------------------|---------------------|
| <u>Description</u>          | <u>06/30/18</u>       | <u>Issued</u>        | <u>Retired</u>        | <u>06/30/19</u>       | <u>One Year</u>     |
| Bonds Payable               | \$ 68,110,000         | \$ 27,790,000        | \$ (3,625,000)        | \$ 92,275,000         | \$ 4,125,000        |
| Premium (Discount) on Bonds | 5,907,054             | 2,960,000            | (1,193,875)           | 7,673,179             | -                   |
| Capital Leases              | 1,191,947             | 2,240,000            | (387,163)             | 3,044,784             | 587,906             |
| Compensated Absences        | 1,931,221             | 719,052              | -                     | 2,650,273             | -                   |
| Net Pension Liability       | 18,605,572            | 18,335,360           | (2,130,494)           | 34,810,438            | -                   |
| Net OPEB Liability          | <u>37,879,879</u>     | <u>8,187,377</u>     | <u>(627,802)</u>      | <u>45,439,454</u>     | <u>-</u>            |
| Totals                      | <u>\$ 133,625,673</u> | <u>\$ 60,231,789</u> | <u>\$ (7,964,334)</u> | <u>\$ 185,893,128</u> | <u>\$ 4,712,906</u> |

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**G. SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT PUBLIC FACILITY CORPORATION**

The Public Facility Corporation is a public non-profit corporation, the creation of which was sponsored by the District pursuant to the Public Facility Corporation Act, Article 717s, Vernon's Texas Civil Statutes, as amended (the "Public Facility Corporation Act"). The Public Facility Corporation Act authorizes the creation and utilization by school districts of public facility corporations to issue bonds to provide for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing and placing in service of public facilities of its governmental sponsor and further authorizes the governmental sponsor to incur lease purchase obligations in favor of the corporation to serve as security for the bonds issued by the Public Facility Corporation.

Lease revenue bonds in the principal amount of \$4,500,000 were issued on February 13, 2006, pursuant to a resolution by the Board of Directors of the Public Facility Corporation and a Master Trust Indenture dated as of February 1, 2007, (the "Trust Indenture") between the Public Facility Corporation and Compass Bank, as trustee to finance, for the benefit of the District, the construction of a new multi-purpose stadium.

To accomplish the financing, the Public Facility Corporation and the District entered into a "Lease With An Option to Purchase Relating to the San Benito Consolidated Independent School District Bobby Morrow Stadium," pursuant to the terms of which the District will pay to the Public Facility Corporation such lease payments at such times and in such amounts as will be required to pay the principal of premium, if any, and interest on the lease revenue bonds as they become due.

**H. UNEARNED REVENUE**

Unearned revenue at year-end consisted of the following:

|                          | General<br><u>Fund</u> | Other<br><u>Funds</u> | Private Purpose<br><u>Trust Fund</u> | <u>Total</u>        |
|--------------------------|------------------------|-----------------------|--------------------------------------|---------------------|
| State and private grants | \$ 12,420              | \$ 1,049,058          | \$ -                                 | \$ 1,061,478        |
| Athletic Fund            | 76,265                 | -                     | -                                    | 76,265              |
| Scholarship Funds        | -                      | -                     | 6,102                                | 6,102               |
| Total Unearned Revenue   | <u>\$ 88,685</u>       | <u>\$ 1,049,058</u>   | <u>\$ 6,102</u>                      | <u>\$ 1,143,845</u> |

**I. DEFINED BENEFIT PENSION PLAN**

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

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

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

**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 benefits are based on statutory provisions of the plan effective for fiscal year 2018. The annual standard annuity is based on the average of the five highest annual creditable salaries multiplied by the years of credited service multiplied by 2.3 percent. For members who are grandfathered, the three highest annual salaries are used in the benefit formula. 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 the 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 members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

|                                                    | Contribution Rates |             |
|----------------------------------------------------|--------------------|-------------|
|                                                    | <u>2018</u>        | <u>2019</u> |
| Member                                             | 7.7%               | 7.7%        |
| Non-Employer Contributing Entity (State)           | 6.8%               | 6.8%        |
| Employers                                          | 6.8%               | 6.8%        |
| Current fiscal year employer contributions         | \$                 | 2,030,916   |
| Current fiscal year member contributions           | \$                 | 5,565,754   |
| 2018 measurement year NECE on-behalf contributions | \$                 | 3,604,753   |

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

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As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

Employers (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, a privately sponsored source.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- 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.

***Actuarial Assumptions.***

**Roll Forward** - A change was made in the measurement date of the total pension liability for the 2018 measurement year. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total pension liability to August 31, 2018. This is the first year using the roll forward procedures.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The active mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables.

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The following table discloses the assumptions that were applied to this measurement period.

|                                                             |                                                                                                                                                                                                                                                |
|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 Rate                                     | 7.25%                                                                                                                                                                                                                                          |
|                                                             | 3.69% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity index's "20-Year Municipal GO AA Index." |
| Municipal Bond Rate as of August 2018                       |                                                                                                                                                                                                                                                |
| Last year ending August 31 in Projection Period (100 years) | 2116                                                                                                                                                                                                                                           |
| Inflation                                                   | 2.3%                                                                                                                                                                                                                                           |
| Salary Increases                                            | 3.05% to 9.05% including inflation                                                                                                                                                                                                             |
| Ad hoc Post-Employment Benefit Changes                      | None                                                                                                                                                                                                                                           |

The actuarial methods and assumptions were primarily based on a study of actual experience for the three year period ending August 31, 2017 and were adopted on 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 plan 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 these assumptions, the pension 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 pension plan investments was applied to projected 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 Systems target asset allocation as of August 31, 2018 (see page 52 of the TRS CAFR) are summarized below:

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| Asset Class                   | Target Allocation* | Long-Term Expected Geometric Real Rate of Return** | Expected Contribution to Long-Term Portfolio Returns |
|-------------------------------|--------------------|----------------------------------------------------|------------------------------------------------------|
| Global Equity                 |                    |                                                    |                                                      |
| U.S.                          | 18.00%             | 5.70%                                              | 1.04%                                                |
| Non-U.S. Developed            | 13.00%             | 6.90%                                              | 0.90%                                                |
| Emerging Markets              | 9.00%              | 8.95%                                              | 0.80%                                                |
| Directional Hedge Funds       | 4.00%              | 3.53%                                              | 0.14%                                                |
| Private Equity                | 13.00%             | 10.18%                                             | 1.32%                                                |
| Stable Value                  |                    |                                                    |                                                      |
| U.S. Treasuries               | 11.00%             | 1.11%                                              | 0.12%                                                |
| Absolute Return               | 0.00%              | 0.00%                                              | 0.00%                                                |
| Stable Value Hedge Funds      | 4.00%              | 3.09%                                              | 0.12%                                                |
| Cash                          | 1.00%              | -0.30%                                             | 0.00%                                                |
| Real Return                   |                    |                                                    |                                                      |
| Global Inflation Linked Bonds | 3.00%              | 0.70%                                              | 0.02%                                                |
| Real Assets                   | 14.00%             | 5.21%                                              | 0.73%                                                |
| Energy and Natural Resources  | 5.00%              | 7.48%                                              | 0.37%                                                |
| Commodities                   | 0.00%              | 0.00%                                              | 0.00%                                                |
| Risk Parity                   |                    |                                                    |                                                      |
| Risk Parity                   | 5.00%              | 3.70%                                              | 0.18%                                                |
| Inflation Expectation         |                    |                                                    | 2.30%                                                |
| Volatility Drag***            |                    |                                                    | -0.79%                                               |
| Total                         | 100%               |                                                    | 7.25%                                                |

\* Target Allocations are based on the FY 2016 policy model

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

\*\*\*The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting 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 Net Pension Liability. The discount rate can be found in the 2018 TRS CAFR, Note 11, page 78.

|                                                   | 1% Decrease in Discount Rate<br>(5.907%) | Discount Rate<br>(6.907%) | 1% Increase in Discount Rate<br>(7.907%) |
|---------------------------------------------------|------------------------------------------|---------------------------|------------------------------------------|
| Proportionate share of the net pension liability: | \$52,537,299                             | \$34,810,438              | \$20,459,494                             |

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2019, the District reported a liability of \$34,810,438 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 | \$ 34,810,438        |
| State's proportionate share that is associated with the District       | 58,932,306           |
| Total                                                                  | <u>\$ 93,742,744</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

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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 pension 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 employer's proportion of the collective net pension liability was 0.0632429207%, which was an increase of 0.0050543431% from its proportion measured as of August 31, 2017.

***Changes Since the Prior Actuarial Valuation.*** Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- 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 were 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 of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended June 30, 2019, the District recognized pension expense of \$10,420,689 and revenue of \$5,832,728 for support provided by the State in the Government Wide Statement of Activities.

At June 30, 2019 the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                                         | Deferred Outflows<br>of Resources | Deferred Inflows of<br>Resources |
|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experiences                                                            | \$ 216,980                        | \$ 854,111                       |
| Changes in actuarial assumptions                                                                                        | 12,550,840                        | 392,214                          |
| Differences between projected and actual investment earnings                                                            | -                                 | 660,503                          |
| Changes in proportion and differences between the employer's contributions and the proportionate share of contributions | 4,125,410                         | 1,156,970                        |
| Contributions paid to TRS subsequent to the measurement date                                                            | 1,728,003                         | -                                |
| Total as fiscal year-end                                                                                                | <u>\$ 18,621,233</u>              | <u>\$ 3,063,798</u>              |

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The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized in pension expense as follows:

| Fiscal year ended June 30, | Pension Expense<br>Amount |
|----------------------------|---------------------------|
| 2020                       | \$ 3,696,379              |
| 2021                       | 2,306,398                 |
| 2022                       | 1,911,761                 |
| 2023                       | 2,172,412                 |
| 2024                       | 2,192,933                 |
| Thereafter                 | 1,549,549                 |

**J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

**Plan Description.** The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

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

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

Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible Medicare retirees and their dependents may pay premiums to participate in the Medicare Advantage health plans. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes, including automatic COLAs.

The 85th Legislature, Regular Session, passed the following statutory changes in HB 3976 which became effective on September 1, 2017. These are described below under the section "Changes in Benefit Terms".

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The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage. These new premium rates for retirees with Medicare Part A and Part B became effective January 1, 2018. (See the TRS CAFR page 70 for plan rates effective from September 1, 2016 - December 31, 2017.)

| TRS-Care Montly Premium Rates<br>Effective January 1, 2018 - December 31, 2018 |                 |                     |
|--------------------------------------------------------------------------------|-----------------|---------------------|
|                                                                                | <u>Medicare</u> | <u>Non-Medicare</u> |
| 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 employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2018. The following table shows contributions to the TRS-Care plan by type of contributor:

|                                                    | Contribution Rates |             |
|----------------------------------------------------|--------------------|-------------|
|                                                    | <u>2018</u>        | <u>2019</u> |
| Member                                             | 0.65%              | 0.65%       |
| Non-Employer Contributing Entity (State)           | 1.25%              | 1.25%       |
| Employers                                          | 0.75%              | 0.75%       |
| Federal/Private Funding Remitted by Employers      | 1.25%              | 1.25%       |
| Current fiscal year employer contributions         | \$                 | 657,926     |
| Current fiscal year member contributions           | \$                 | 469,834     |
| 2018 measurement year NECE on-behalf contributions | \$                 | 814,432     |

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS-Care, a monthly surcharge of \$535 per retiree. With Senate Bill 1, 85th Legislature, Regular Session, 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. House Bill 30 of the 85th Legislature provided an additional \$212 million in a one-time supplemental funding for the FY 2018-2019 biennium. One-time supplemental contributions during fiscal 2018 totaled \$394.6 million.

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**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:

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

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%                                                                                                                                                                                                                |
| Single Discount Rate                   | 3.69% 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 |
| Aging Factors                          | Based on Plan Specific Experience                                                                                                                                                                                    |
| Election Rates                         | Normal Retirement: 70% participation prior to age 65 and 75% after age 65                                                                                                                                            |
| 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% - 9.05%                                                                                                                                                                                                        |
| Ad-hoc Post Employment Benefit Changes | None                                                                                                                                                                                                                 |

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.

**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. The Discount Rate can be found in the 2018 TRS CAFR on page 71. 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.

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**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<br>Discount Rate<br>(2.69%) | Discount Rate<br>(3.69%) | 1% Increase in<br>Discount Rate<br>(4.69%) |
|-----------------------------------------------|--------------------------------------------|--------------------------|--------------------------------------------|
| Proportionate share of the Net OPEB liability | \$ 54,088,562                              | \$ 45,439,454            | \$ 38,597,452                              |

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

|                                           | 1% Decrease   | Current<br>Healthcare Cost<br>Trend Rate | 1% Increase   |
|-------------------------------------------|---------------|------------------------------------------|---------------|
| Proportionate share of Net OPEB liability | \$ 37,738,207 | \$ 45,439,454                            | \$ 55,582,163 |

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At June 30, 2019, the District reported a liability of \$45,439,454 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 | \$ 45,439,454         |
| State's proportionate share that is associated with the District    | 59,031,615            |
| Total                                                               | <u>\$ 104,471,069</u> |

The Net OPEB Liability was measured as of 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 thru August 31, 2018.

At August 31, 2018 the employer's proportion of the collective Net OPEB liability was 0.0910046485% which was an increase of 0.0038969303% from its proportion measured as of August 31, 2017.

**Changes in Actuarial Assumptions 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 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.

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**Changes in Benefit Terms:** The 85<sup>th</sup> Legislature, Regular Session, passed the following statutory changes 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.

For the year ended June 30, 2019, the District recognized OPEB expense of \$3,326,247 and revenue of \$2,147,216 for support provided by the State.

At June 30, 2019 the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows or resources related to OPEB from the following sources:

|                                                                                                                         | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual actuarial experiences                                                           | \$ 2,411,303                      | \$ 717,101                       |
| Changes in actuarial assumptions                                                                                        | 758,261                           | 13,651,949                       |
| Differences between projected and actual investment earnings                                                            | 7,947                             | -                                |
| Changes in proportion and differences between the employer's contributions and the proportionate share of contributions | 2,136,024                         | -                                |
| Contributions paid to TRS subsequent to the measurement date                                                            | 562,498                           | -                                |
| Total as of fiscal year-end                                                                                             | <u>\$ 5,876,033</u>               | <u>\$ 14,369,050</u>             |

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized in OPEB expense as follows:

| Fiscal year ended June 30, | OPEB Expense<br>Amount |
|----------------------------|------------------------|
| 2020                       | \$ (1,522,668)         |
| 2021                       | (1,522,668)            |
| 2022                       | (1,522,668)            |
| 2023                       | (1,524,171)            |
| 2024                       | (1,525,030)            |
| Thereafter                 | (1,438,310)            |

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**K. GENERAL FUND FEDERAL SOURCE REVENUES**

Federally finance programs are generally accounted for in the Special Revenue Funds of the District, except for indirect costs charged to federal programs which are accounted for in the General Fund as prescribed by TEA and certain direct revenues. The District recognized in the General fund such revenues for the year ended June 30, 2019 from various federal sources as follows:

| Program or Source                                         | CFDA<br>Number | Amount                      |
|-----------------------------------------------------------|----------------|-----------------------------|
| R.O.T.C.                                                  | 12.000         | 19,707                      |
| School Breakfast Program                                  | 10.553         | 2,115,116                   |
| National School Lunch and Supper Program                  | 10.555         | 6,130,942                   |
| Food Fresh Vegetables                                     | 10.582         | 140,088                     |
| USDA Commodities                                          | 10.565         | 586,704                     |
| School Health Related Services                            | N/A            | 2,640,180                   |
| Medicaid Administrative Claims                            | 93.778         | <u>20,541</u>               |
| Total Programs                                            |                | <u>11,653,278</u>           |
| <i>Indirect Costs:</i>                                    |                |                             |
| National School Lunch and Supper Program                  | 10.555         | 239,171                     |
| ESEA Title I - Part A                                     | 84.010A        | 227,189                     |
| ESEA Title I - Part C                                     | 84.011A        | 41,346                      |
| IDEA B - Formula                                          | 84.027A        | 101,496                     |
| Carl Perkins Grant for Career & Technology Ed             | 84.048A        | 20,126                      |
| IDEA B - Preschool                                        | 84.173A        | 303                         |
| 21st Century Learning Center                              | 84.287C        | 42,295                      |
| ESEA Title III - Part A - L.E.P.                          | 84.365A        | 10,591                      |
| ESEA Title II - Part A - Supporting Effective Instruction | 84.367A        | 37,563                      |
| Title IV, Part A, Subpart I                               | 84.424A        | <u>7,129</u>                |
| Total Indirect Costs                                      |                | <u>727,209</u>              |
| Total General Fund                                        |                | <u><u>\$ 12,380,487</u></u> |

**L. LITIGATION**

The District is a party to various legal actions, none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies.

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 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.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**M. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year by major category of risk.

State law allows school districts to retain risk through its own risk management program, insure through a commercial carrier, or insure through a public entity risk pool. The District is self-insured for employee medical benefits. The District contracts with a third-party to provide administrative claims processing services for employee medical benefits for the District.

The group health insurance program is reported in the Insurance fund, an internal service fund. Interfund premiums are paid into the internal service and are based primarily on claims experience and are reported as quasi-external transactions.

Accruals for claims are adjusted on a regular basis based on the latest information available on each case. Claims incurred but not reported have been considered in determining the accrual for claims, and the District's management believes adequate accruals have been provided at June 30, 2019.

The District maintains a \$125,000 stop-loss policy for the health self-funded insurance program.

Changes in the balance of claims liabilities during the past 2 fiscal years are as follows:

|                                    | Year Ended<br><u>June 30, 2019</u> | Year Ended<br><u>June 30, 2018</u> |
|------------------------------------|------------------------------------|------------------------------------|
| Unpaid claims, beginning of year   | \$ 1,762,581                       | \$ 1,065,104                       |
| Incurred claims (including IBNR's) | 9,942,943                          | 7,123,742                          |
| Claim payments                     | <u>(11,106,685)</u>                | <u>(6,426,265)</u>                 |
| Unpaid claims, end of fiscal year  | <u>\$ 598,839</u>                  | <u>\$ 1,762,581</u>                |

The claims liability at the end of the current fiscal year increased based upon the lag study provided by Humana and Blue Cross Blue Shield. Effective October 1, 2017, the District changed third party administrators and moved to Humana. The District's monthly contribution per employee for the 2018 - 2019 school year is \$430, and the plan options are consistent as well as the \$125,000 stop loss policy.

**M. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and/or disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**N. PRIOR PERIOD ADJUSTMENT**

Due to entries not being given from the auditor to the client in fiscal year 2017-2018, there are beginning balances that do not reconcile. This was confirmed with the prior auditors and should be recorded as prior period adjustments to the books in the amount of \$771.043.

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SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

| Data Control Codes                                             | Budgeted Amounts |               | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|----------------------------------------------------------------|------------------|---------------|-----------------------------|---------------------------------------------------|
|                                                                | Original         | Final         |                             |                                                   |
| REVENUES:                                                      |                  |               |                             |                                                   |
| 5700 Total Local and Intermediate Sources                      | \$ 13,294,508    | \$ 13,269,508 | \$ 14,715,730               | \$ 1,446,222                                      |
| 5800 State Program Revenues                                    | 85,664,725       | 85,087,725    | 84,409,822                  | (677,903)                                         |
| 5900 Federal Program Revenues                                  | 13,086,247       | 13,086,247    | 12,380,487                  | (705,760)                                         |
| 5020 Total Revenues                                            | 112,045,480      | 111,443,480   | 111,506,039                 | 62,559                                            |
| EXPENDITURES:                                                  |                  |               |                             |                                                   |
| Current:                                                       |                  |               |                             |                                                   |
| 0011 Instruction                                               | 53,524,426       | 55,987,006    | 55,283,603                  | 703,403                                           |
| 0012 Instructional Resources and Media Services                | 1,296,360        | 1,337,260     | 1,308,846                   | 28,414                                            |
| 0013 Curriculum and Instructional Staff Development            | 979,987          | 1,386,827     | 1,320,359                   | 66,468                                            |
| 0021 Instructional Leadership                                  | 1,882,095        | 1,885,795     | 1,868,968                   | 16,827                                            |
| 0023 School Leadership                                         | 6,138,936        | 6,195,936     | 6,132,191                   | 63,745                                            |
| 0031 Guidance, Counseling and Evaluation Services              | 2,921,394        | 3,095,015     | 2,967,764                   | 127,251                                           |
| 0032 Social Work Services                                      | 419,521          | 420,171       | 378,706                     | 41,465                                            |
| 0033 Health Services                                           | 1,148,997        | 1,149,797     | 1,075,348                   | 74,449                                            |
| 0034 Student (Pupil) Transportation                            | 4,365,394        | 3,964,183     | 3,477,725                   | 486,458                                           |
| 0035 Food Services                                             | 11,118,164       | 11,150,464    | 8,872,484                   | 2,277,980                                         |
| 0036 Extracurricular Activities                                | 3,413,293        | 3,418,693     | 3,280,665                   | 138,028                                           |
| 0041 General Administration                                    | 4,843,713        | 4,845,713     | 4,716,058                   | 129,655                                           |
| 0051 Facilities Maintenance and Operations                     | 14,807,558       | 19,023,770    | 18,794,916                  | 228,854                                           |
| 0052 Security and Monitoring Services                          | 2,218,866        | 2,415,646     | 2,361,360                   | 54,286                                            |
| 0053 Data Processing Services                                  | 1,994,767        | 2,245,517     | 2,190,921                   | 54,596                                            |
| 0061 Community Services                                        | 135,700          | 137,450       | 267,743                     | (130,293)                                         |
| Debt Service:                                                  |                  |               |                             |                                                   |
| 0071 Principal on Long-Term Debt                               | 282,117          | 702,117       | 640,163                     | 61,954                                            |
| 0072 Interest on Long-Term Debt                                | -                | 29,117        | 60,074                      | (30,957)                                          |
| 0073 Bond Issuance Cost and Fees                               | -                | 3,000         | 250                         | 2,750                                             |
| Capital Outlay:                                                |                  |               |                             |                                                   |
| 0081 Facilities Acquisition and Construction                   | -                | 1,661,500     | 750,933                     | 910,567                                           |
| Intergovernmental:                                             |                  |               |                             |                                                   |
| 0095 Payments to Juvenile Justice Alternative Ed. Prg.         | 75,000           | 75,000        | 5,429                       | 69,571                                            |
| 0099 Other Intergovernmental Charges                           | 125,000          | 125,000       | 163,220                     | (38,220)                                          |
| 6030 Total Expenditures                                        | 111,691,288      | 121,254,977   | 115,917,726                 | 5,337,251                                         |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | 354,192          | (9,811,497)   | (4,411,687)                 | 5,399,810                                         |
| OTHER FINANCING SOURCES (USES):                                |                  |               |                             |                                                   |
| 7911 Capital Related Debt Issued (Regular Bonds)               | 1,319,890        | 1,319,890     | -                           | (1,319,890)                                       |
| 7914 Non-Current Loans                                         | -                | -             | 2,240,000                   | 2,240,000                                         |
| 7915 Transfers In                                              | -                | 2,809,890     | 1,963,939                   | (845,951)                                         |
| 8911 Transfers Out (Use)                                       | (1,674,082)      | (1,674,082)   | (1,568,131)                 | 105,951                                           |
| 8940 Payment to Bond Refunding Escrow Agent (Use)              | -                | -             | (195)                       | (195)                                             |
| 7080 Total Other Financing Sources (Uses)                      | (354,192)        | 2,455,698     | 2,635,613                   | 179,915                                           |
| 1200 Net Change in Fund Balances                               | -                | (7,355,799)   | (1,776,074)                 | 5,579,725                                         |
| 0100 Fund Balance - July 1 (Beginning)                         | -                | 32,587,869    | 32,587,869                  | -                                                 |
| 1300 Prior Period Adjustment                                   | -                | -             | 771,043                     | 771,043                                           |
| 3000 Fund Balance - June 30 (Ending)                           | \$ -             | \$ 25,232,070 | \$ 31,582,838               | \$ 6,350,768                                      |

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2019

|                                                                                                            | FY 2019<br>Plan Year 2018 | FY 2018<br>Plan Year 2017 | FY 2017<br>Plan Year 2016 |
|------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|
| District's Proportion of the Net Pension Liability (Asset)                                                 | 0.063242921%              | 0.051885776%              | 0.062835323%              |
| District's Proportionate Share of Net Pension Liability (Asset)                                            | \$ 34,810,438             | \$ 18,605,572             | \$ 23,460,444             |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District              | 58,932,306                | 33,297,070                | 40,646,492                |
| Total                                                                                                      | <u>\$ 93,742,744</u>      | <u>\$ 51,902,642</u>      | <u>\$ 64,106,936</u>      |
| District's Covered Payroll                                                                                 | \$ 71,621,497             | \$ 65,350,896             | \$ 65,561,152             |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 48.60%                    | 28.47%                    | 35.78%                    |
| 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."

| FY 2016        |            | FY 2015        |            |
|----------------|------------|----------------|------------|
| Plan Year 2015 |            | Plan Year 2014 |            |
| 0.0661713%     |            | 0.0427094%     |            |
| \$             | 23,390,674 | \$             | 11,408,272 |
| 40,451,517     |            | 36,536,490     |            |
| \$             | 63,842,191 | \$             | 47,944,762 |
| \$             | 63,842,191 | \$             | 47,944,762 |
| 36.64%         |            | 23.79%         |            |
| 78.43%         |            | 83.25%         |            |

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2019

|                                                                     | 2019          | 2018          | 2017          |
|---------------------------------------------------------------------|---------------|---------------|---------------|
| Contractually Required Contribution                                 | \$ 2,030,946  | \$ 1,806,459  | \$ 1,906,921  |
| Contribution in Relation to the Contractually Required Contribution | (2,030,946)   | 1,806,459     | 1,906,921     |
| Contribution Deficiency (Excess)                                    | \$ -          | \$ -          | \$ -          |
| District's Covered Payroll                                          | \$ 72,244,229 | \$ 60,716,346 | \$ 65,350,896 |
| Contributions as a Percentage of Covered Payroll                    | 2.81%         | 2.98%         | 2.92%         |

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."

| 2016 |            | 2015 |            |
|------|------------|------|------------|
| \$   | 1,972,566  | \$   | 1,959,754  |
|      | 1,972,566  |      | 1,959,754  |
| \$   | -          | \$   | -          |
| \$   | 65,561,152 | \$   | 65,016,551 |
|      | 3.01%      |      | 3.01%      |

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2019

|                                                                                                         | FY 2019<br>Plan Year 2018 | FY 2018<br>Plan Year 2017 |
|---------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits                    | 0.091004648%              | 0.087107718%              |
| District's Proportionate Share of Net OPEB Liability (Asset)                                            | \$ 45,439,454             | \$ 37,879,879             |
| State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District              | 59,031,615                | 47,425,809                |
| Total                                                                                                   | <u>\$ 104,471,069</u>     | <u>\$ 85,305,688</u>      |
| District's Covered Payroll                                                                              | \$ 104,471,069            | \$ 234,411,778            |
| District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | 63.44%                    | 16.16%                    |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability                                 | 1.57%                     | 0.91%                     |

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 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.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2019

|                                                                     | 2019          | 2018          |
|---------------------------------------------------------------------|---------------|---------------|
| Contractually Required Contribution                                 | \$ 657,926    | \$ 400,930    |
| Contribution in Relation to the Contractually Required Contribution | (657,926)     | 400,930       |
| Contribution Deficiency (Excess)                                    | \$ -0-        | \$ -0-        |
| District's Covered Payroll                                          | \$ 72,244,229 | \$ 60,716,346 |
| Contributions as a Percentage of Covered Payroll                    | 0.91%         | 0.66%         |

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.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

| Data<br>Control<br>Codes             |                                                     | 211<br>ESEA I, A<br>Improving<br>Basic Program | 212<br>ESEA Title I<br>Part C<br>Migrant | 224<br>IDEA - Part B<br>Formula | 225<br>IDEA - Part B<br>Preschool |
|--------------------------------------|-----------------------------------------------------|------------------------------------------------|------------------------------------------|---------------------------------|-----------------------------------|
| <b>ASSETS</b>                        |                                                     |                                                |                                          |                                 |                                   |
| 1110                                 | Cash and Cash Equivalents                           | \$ -                                           | \$ -                                     | \$ -                            | \$ 1,971                          |
| 1220                                 | Property Taxes - Delinquent                         | -                                              | -                                        | -                               | -                                 |
| 1230                                 | Allowance for Uncollectible Taxes                   | -                                              | -                                        | -                               | -                                 |
| 1240                                 | Due from Other Governments                          | 1,319,272                                      | 195,329                                  | 591,223                         | 2,134                             |
| 1260                                 | Due from Other Funds                                | 35,891                                         | 5,553                                    | 67,693                          | 78                                |
| 1290                                 | Other Receivables                                   | -                                              | -                                        | -                               | -                                 |
| 1000                                 | Total Assets                                        | <u>\$ 1,355,163</u>                            | <u>\$ 200,882</u>                        | <u>\$ 658,916</u>               | <u>\$ 4,183</u>                   |
| <b>LIABILITIES</b>                   |                                                     |                                                |                                          |                                 |                                   |
| 2110                                 | Accounts Payable                                    | \$ 21,879                                      | \$ 3,659                                 | \$ -                            | \$ -                              |
| 2150                                 | Payroll Deductions and Withholdings Payable         | -                                              | -                                        | -                               | -                                 |
| 2160                                 | Accrued Wages Payable                               | 436,815                                        | 74,514                                   | -                               | 2,129                             |
| 2170                                 | Due to Other Funds                                  | 896,469                                        | 122,709                                  | 658,916                         | 1,808                             |
| 2180                                 | Due to Other Governments                            | -                                              | -                                        | -                               | 246                               |
| 2300                                 | Unearned Revenue                                    | -                                              | -                                        | -                               | -                                 |
| 2000                                 | Total Liabilities                                   | <u>1,355,163</u>                               | <u>200,882</u>                           | <u>658,916</u>                  | <u>4,183</u>                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                                                     |                                                |                                          |                                 |                                   |
| 2601                                 | Unavailable Revenue - Property Taxes                | -                                              | -                                        | -                               | -                                 |
| 2600                                 | Total Deferred Inflows of Resources                 | <u>-</u>                                       | <u>-</u>                                 | <u>-</u>                        | <u>-</u>                          |
| <b>FUND BALANCES</b>                 |                                                     |                                                |                                          |                                 |                                   |
| 3600                                 | Unassigned Fund Balance                             | -                                              | -                                        | -                               | -                                 |
| 3000                                 | Total Fund Balances                                 | <u>-</u>                                       | <u>-</u>                                 | <u>-</u>                        | <u>-</u>                          |
| 4000                                 | Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 1,355,163</u>                            | <u>\$ 200,882</u>                        | <u>\$ 658,916</u>               | <u>\$ 4,183</u>                   |

| 244<br>Career and<br>Technical -<br>Basic Grant | 255<br>ESEA II,A<br>Training and<br>Recruiting | 263<br>Title III, A<br>English Lang.<br>Acquisition | 265<br>Title IV, B<br>Community<br>Learning | 274<br>GEAR UP    | 287<br>Teacher and<br>School Leader<br>Incentive | 289<br>Other Federal<br>Special<br>Revenue Funds | 331<br>SSA - Career<br>& Technical -<br>Basic Grant |
|-------------------------------------------------|------------------------------------------------|-----------------------------------------------------|---------------------------------------------|-------------------|--------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|
| \$ 11,612                                       | \$ 194,166                                     | \$ 113,445                                          | \$ 159,776                                  | \$ -              | \$ -                                             | \$ -                                             | \$ 41                                               |
| -                                               | -                                              | -                                                   | -                                           | -                 | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -                 | -                                                | -                                                | -                                                   |
| -                                               | -                                              | 56,549                                              | -                                           | 134,995           | 77,100                                           | 56,692                                           | -                                                   |
| 468                                             | 3,276                                          | -                                                   | -                                           | 32,678            | 145                                              | -                                                | 4,895                                               |
| -                                               | -                                              | -                                                   | -                                           | -                 | -                                                | -                                                | -                                                   |
| <u>\$ 12,080</u>                                | <u>\$ 197,442</u>                              | <u>\$ 169,994</u>                                   | <u>\$ 159,776</u>                           | <u>\$ 167,673</u> | <u>\$ 77,245</u>                                 | <u>\$ 56,692</u>                                 | <u>\$ 4,936</u>                                     |
| \$ -                                            | \$ 16,289                                      | \$ -                                                | \$ -                                        | \$ 9,418          | \$ -                                             | \$ 443                                           | \$ 1                                                |
| 581                                             | -                                              | -                                                   | 3,597                                       | -                 | -                                                | -                                                | -                                                   |
| -                                               | 36,323                                         | 7,237                                               | 1,128                                       | 30,606            | 2,617                                            | 23,888                                           | -                                                   |
| 11,499                                          | 100,833                                        | 162,757                                             | 155,051                                     | 127,649           | 74,628                                           | 32,361                                           | 4,935                                               |
| -                                               | 43,997                                         | -                                                   | -                                           | -                 | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -                 | -                                                | -                                                | -                                                   |
| <u>12,080</u>                                   | <u>197,442</u>                                 | <u>169,994</u>                                      | <u>159,776</u>                              | <u>167,673</u>    | <u>77,245</u>                                    | <u>56,692</u>                                    | <u>4,936</u>                                        |
| -                                               | -                                              | -                                                   | -                                           | -                 | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -                 | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -                 | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -                 | -                                                | -                                                | -                                                   |
| <u>\$ 12,080</u>                                | <u>\$ 197,442</u>                              | <u>\$ 169,994</u>                                   | <u>\$ 159,776</u>                           | <u>\$ 167,673</u> | <u>\$ 77,245</u>                                 | <u>\$ 56,692</u>                                 | <u>\$ 4,936</u>                                     |

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

| Data<br>Control<br>Codes             |                                                     | 352<br>SSA - 21st<br>Century<br>Learning | 408<br>ESC<br>Technology | 410<br>State<br>Instructional<br>Materials | 429<br>Other State<br>Special<br>Revenue Funds |
|--------------------------------------|-----------------------------------------------------|------------------------------------------|--------------------------|--------------------------------------------|------------------------------------------------|
| <b>ASSETS</b>                        |                                                     |                                          |                          |                                            |                                                |
| 1110                                 | Cash and Cash Equivalents                           | \$ 113,622                               | \$ 249                   | \$ 951,480                                 | \$ 1,560                                       |
| 1220                                 | Property Taxes - Delinquent                         | -                                        | -                        | -                                          | -                                              |
| 1230                                 | Allowance for Uncollectible Taxes                   | -                                        | -                        | -                                          | -                                              |
| 1240                                 | Due from Other Governments                          | 148,584                                  | -                        | 544,898                                    | 13,149                                         |
| 1260                                 | Due from Other Funds                                | -                                        | -                        | -                                          | -                                              |
| 1290                                 | Other Receivables                                   | -                                        | -                        | -                                          | -                                              |
| 1000                                 | Total Assets                                        | <u>\$ 262,206</u>                        | <u>\$ 249</u>            | <u>\$ 1,496,378</u>                        | <u>\$ 14,709</u>                               |
| <b>LIABILITIES</b>                   |                                                     |                                          |                          |                                            |                                                |
| 2110                                 | Accounts Payable                                    | \$ 62,458                                | \$ -                     | \$ 418,591                                 | \$ -                                           |
| 2150                                 | Payroll Deductions and Withholdings Payable         | -                                        | -                        | -                                          | -                                              |
| 2160                                 | Accrued Wages Payable                               | 40,942                                   | -                        | -                                          | 359                                            |
| 2170                                 | Due to Other Funds                                  | 205,389                                  | -                        | 28,978                                     | 14,350                                         |
| 2180                                 | Due to Other Governments                            | -                                        | -                        | -                                          | -                                              |
| 2300                                 | Unearned Revenue                                    | -                                        | 249                      | 1,048,809                                  | -                                              |
| 2000                                 | Total Liabilities                                   | <u>308,789</u>                           | <u>249</u>               | <u>1,496,378</u>                           | <u>14,709</u>                                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                                                     |                                          |                          |                                            |                                                |
| 2601                                 | Unavailable Revenue - Property Taxes                | -                                        | -                        | -                                          | -                                              |
| 2600                                 | Total Deferred Inflows of Resources                 | <u>-</u>                                 | <u>-</u>                 | <u>-</u>                                   | <u>-</u>                                       |
| <b>FUND BALANCES</b>                 |                                                     |                                          |                          |                                            |                                                |
| 3600                                 | Unassigned Fund Balance                             | (46,583)                                 | -                        | -                                          | -                                              |
| 3000                                 | Total Fund Balances                                 | <u>(46,583)</u>                          | <u>-</u>                 | <u>-</u>                                   | <u>-</u>                                       |
| 4000                                 | Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 262,206</u>                        | <u>\$ 249</u>            | <u>\$ 1,496,378</u>                        | <u>\$ 14,709</u>                               |

| 461<br>Campus<br>Activity<br>Funds | Total<br>Nonmajor<br>Special<br>Revenue Funds | 599<br>Debt<br>Service<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|------------------------------------|-----------------------------------------------|--------------------------------|--------------------------------------------|
| \$ 176,637                         | \$ 1,724,559                                  | \$ 1,002,231                   | \$ 2,726,790                               |
| -                                  | -                                             | 313,422                        | 313,422                                    |
| -                                  | -                                             | (31,342)                       | (31,342)                                   |
| -                                  | 3,139,925                                     | -                              | 3,139,925                                  |
| 177                                | 150,854                                       | 16,146                         | 167,000                                    |
| 563                                | 563                                           | -                              | 563                                        |
| <u>\$ 177,377</u>                  | <u>\$ 5,015,901</u>                           | <u>\$ 1,300,457</u>            | <u>\$ 6,316,358</u>                        |
| \$ -                               | \$ 532,738                                    | \$ -                           | \$ 532,738                                 |
| -                                  | 4,178                                         | -                              | 4,178                                      |
| -                                  | 656,558                                       | -                              | 656,558                                    |
| 408                                | 2,598,740                                     | 303,995                        | 2,902,735                                  |
| -                                  | 44,243                                        | -                              | 44,243                                     |
| -                                  | 1,049,058                                     | -                              | 1,049,058                                  |
| <u>408</u>                         | <u>4,885,515</u>                              | <u>303,995</u>                 | <u>5,189,510</u>                           |
| -                                  | -                                             | 282,080                        | 282,080                                    |
| -                                  | -                                             | 282,080                        | 282,080                                    |
| 176,969                            | 130,386                                       | 714,382                        | 844,768                                    |
| <u>176,969</u>                     | <u>130,386</u>                                | <u>714,382</u>                 | <u>844,768</u>                             |
| <u>\$ 177,377</u>                  | <u>\$ 5,015,901</u>                           | <u>\$ 1,300,457</u>            | <u>\$ 6,316,358</u>                        |

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

| Data<br>Control<br>Codes                                          | 211<br>ESEA I, A<br>Improving<br>Basic Program | 212<br>ESEA Title I<br>Part C<br>Migrant | 224<br>IDEA - Part B<br>Formula | 225<br>IDEA - Part B<br>Preschool |
|-------------------------------------------------------------------|------------------------------------------------|------------------------------------------|---------------------------------|-----------------------------------|
| <b>REVENUES:</b>                                                  |                                                |                                          |                                 |                                   |
| 5700 Total Local and Intermediate Sources                         | \$ -                                           | \$ -                                     | \$ -                            | \$ -                              |
| 5800 State Program Revenues                                       | -                                              | -                                        | -                               | -                                 |
| 5900 Federal Program Revenues                                     | 6,030,024                                      | 1,001,837                                | 2,566,561                       | 14,080                            |
| 5020 Total Revenues                                               | 6,030,024                                      | 1,001,837                                | 2,566,561                       | 14,080                            |
| <b>EXPENDITURES:</b>                                              |                                                |                                          |                                 |                                   |
| Current:                                                          |                                                |                                          |                                 |                                   |
| 0011 Instruction                                                  | 4,560,611                                      | 665,183                                  | 1,655,114                       | 14,080                            |
| 0013 Curriculum and Instructional Staff Development               | 578,558                                        | -                                        | 18,628                          | -                                 |
| 0021 Instructional Leadership                                     | 421,813                                        | 54,539                                   | 176,357                         | -                                 |
| 0023 School Leadership                                            | -                                              | -                                        | -                               | -                                 |
| 0031 Guidance, Counseling and Evaluation Services                 | 146                                            | 82,587                                   | 635,479                         | -                                 |
| 0032 Social Work Services                                         | -                                              | 149,561                                  | -                               | -                                 |
| 0033 Health Services                                              | 11,385                                         | -                                        | 67,301                          | -                                 |
| 0036 Extracurricular Activities                                   | -                                              | -                                        | 13,682                          | -                                 |
| 0051 Facilities Maintenance and Operations                        | 1,123                                          | -                                        | -                               | -                                 |
| 0052 Security and Monitoring Services                             | 40,000                                         | -                                        | -                               | -                                 |
| 0061 Community Services                                           | 416,388                                        | 49,967                                   | -                               | -                                 |
| Debt Service:                                                     |                                                |                                          |                                 |                                   |
| 0071 Principal on Long-Term Debt                                  | -                                              | -                                        | -                               | -                                 |
| 0072 Interest on Long-Term Debt                                   | -                                              | -                                        | -                               | -                                 |
| 0073 Bond Issuance Cost and Fees                                  | -                                              | -                                        | -                               | -                                 |
| Intergovernmental:                                                |                                                |                                          |                                 |                                   |
| 0093 Payments to Fiscal Agent/Member Districts of SSA             | -                                              | -                                        | -                               | -                                 |
| 6030 Total Expenditures                                           | 6,030,024                                      | 1,001,837                                | 2,566,561                       | 14,080                            |
| 1100 Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | -                                              | -                                        | -                               | -                                 |
| <b>OTHER FINANCING SOURCES (USES):</b>                            |                                                |                                          |                                 |                                   |
| 7915 Transfers In                                                 | -                                              | -                                        | -                               | -                                 |
| 1200 Net Change in Fund Balance                                   | -                                              | -                                        | -                               | -                                 |
| 0100 Fund Balance - July 1 (Beginning)                            | -                                              | -                                        | -                               | -                                 |
| 3000 Fund Balance - June 30 (Ending)                              | \$ -                                           | \$ -                                     | \$ -                            | \$ -                              |

| 244<br>Career and<br>Technical -<br>Basic Grant | 255<br>ESEA II,A<br>Training and<br>Recruiting | 263<br>Title III, A<br>English Lang.<br>Acquisition | 265<br>Title IV, B<br>Community<br>Learning | 274<br>GEAR UP | 287<br>Teacher and<br>School Leader<br>Incentive | 289<br>Other Federal<br>Special<br>Revenue Funds | 331<br>SSA - Career<br>& Technical -<br>Basic Grant |
|-------------------------------------------------|------------------------------------------------|-----------------------------------------------------|---------------------------------------------|----------------|--------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|
| \$ -                                            | \$ -                                           | \$ -                                                | \$ -                                        | \$ -           | \$ -                                             | \$ -                                             | \$ -                                                |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | -                                                | -                                                   |
| -                                               | 815,238                                        | 332,678                                             | 122,600                                     | 174,795        | 213,426                                          | 208,741                                          | 209,731                                             |
| -                                               | 815,238                                        | 332,678                                             | 122,600                                     | 174,795        | 213,426                                          | 208,741                                          | 209,731                                             |
| -                                               | 200,365                                        | 323,266                                             | 112,295                                     | 64,517         | 213,426                                          | 88,114                                           | 195,954                                             |
| -                                               | 521,095                                        | 9,412                                               | -                                           | -              | -                                                | 60,301                                           | -                                                   |
| -                                               | 28,590                                         | -                                                   | 9,287                                       | 110,278        | -                                                | -                                                | 4,299                                               |
| -                                               | 65,188                                         | -                                                   | -                                           | -              | -                                                | 1,213                                            | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | 59,113                                           | 495                                                 |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | 258                                         | -              | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | 760                                         | -              | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | -                                                | 8,983                                               |
| -                                               | 815,238                                        | 332,678                                             | 122,600                                     | 174,795        | 213,426                                          | 208,741                                          | 209,731                                             |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | -                                                | -                                                   |
| -                                               | -                                              | -                                                   | -                                           | -              | -                                                | -                                                | -                                                   |
| \$ -                                            | \$ -                                           | \$ -                                                | \$ -                                        | \$ -           | \$ -                                             | \$ -                                             | \$ -                                                |

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

| Data<br>Control<br>Codes                                       | 352<br>SSA - 21st<br>Century Comm.<br>Learning | 408<br>ESC<br>Technology | 410<br>State<br>Instructional<br>Materials | 429<br>Other State<br>Special<br>Revenue Funds |
|----------------------------------------------------------------|------------------------------------------------|--------------------------|--------------------------------------------|------------------------------------------------|
| <b>REVENUES:</b>                                               |                                                |                          |                                            |                                                |
| 5700 Total Local and Intermediate Sources                      | \$ -                                           | \$ -                     | \$ 182                                     | \$ -                                           |
| 5800 State Program Revenues                                    | -                                              | -                        | 1,276,170                                  | 359                                            |
| 5900 Federal Program Revenues                                  | 1,756,582                                      | -                        | -                                          | -                                              |
| 5020 Total Revenues                                            | 1,756,582                                      | -                        | 1,276,352                                  | 359                                            |
| <b>EXPENDITURES:</b>                                           |                                                |                          |                                            |                                                |
| Current:                                                       |                                                |                          |                                            |                                                |
| 0011 Instruction                                               | 752,037                                        | -                        | 1,276,352                                  | 359                                            |
| 0013 Curriculum and Instructional Staff Development            | -                                              | -                        | -                                          | -                                              |
| 0021 Instructional Leadership                                  | 584,705                                        | -                        | -                                          | -                                              |
| 0023 School Leadership                                         | -                                              | -                        | -                                          | -                                              |
| 0031 Guidance, Counseling and Evaluation Services              | -                                              | -                        | -                                          | -                                              |
| 0032 Social Work Services                                      | -                                              | -                        | -                                          | -                                              |
| 0033 Health Services                                           | -                                              | -                        | -                                          | -                                              |
| 0036 Extracurricular Activities                                | -                                              | -                        | -                                          | -                                              |
| 0051 Facilities Maintenance and Operations                     | 4,161                                          | -                        | -                                          | -                                              |
| 0052 Security and Monitoring Services                          | 3,709                                          | -                        | -                                          | -                                              |
| 0061 Community Services                                        | 7,333                                          | -                        | -                                          | -                                              |
| Debt Service:                                                  |                                                |                          |                                            |                                                |
| 0071 Principal on Long-Term Debt                               | -                                              | -                        | -                                          | -                                              |
| 0072 Interest on Long-Term Debt                                | -                                              | -                        | -                                          | -                                              |
| 0073 Bond Issuance Cost and Fees                               | -                                              | -                        | -                                          | -                                              |
| Intergovernmental:                                             |                                                |                          |                                            |                                                |
| 0093 Payments to Fiscal Agent/Member Districts of SSA          | 451,220                                        | -                        | -                                          | -                                              |
| 6030 Total Expenditures                                        | 1,803,165                                      | -                        | 1,276,352                                  | 359                                            |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | (46,583)                                       | -                        | -                                          | -                                              |
| <b>OTHER FINANCING SOURCES (USES):</b>                         |                                                |                          |                                            |                                                |
| 7915 Transfers In                                              | -                                              | -                        | -                                          | -                                              |
| 1200 Net Change in Fund Balance                                | (46,583)                                       | -                        | -                                          | -                                              |
| 0100 Fund Balance - July 1 (Beginning)                         | -                                              | -                        | -                                          | -                                              |
| 3000 Fund Balance - June 30 (Ending)                           | \$ (46,583)                                    | \$ -                     | \$ -                                       | \$ -                                           |

| 461<br>Campus<br>Activity<br>Funds | Total<br>Nonmajor<br>Special<br>Revenue Funds | 599<br>Debt<br>Service<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|------------------------------------|-----------------------------------------------|--------------------------------|--------------------------------------------|
| \$ 395,738                         | \$ 395,920                                    | \$ 1,489,726                   | \$ 1,885,646                               |
| -                                  | 1,276,529                                     | 4,040,491                      | 5,317,020                                  |
| -                                  | 13,446,293                                    | -                              | 13,446,293                                 |
| 395,738                            | 15,118,742                                    | 5,530,217                      | 20,648,959                                 |
| -                                  | 10,121,673                                    | -                              | 10,121,673                                 |
| -                                  | 1,187,994                                     | -                              | 1,187,994                                  |
| -                                  | 1,389,868                                     | -                              | 1,389,868                                  |
| -                                  | 66,401                                        | -                              | 66,401                                     |
| -                                  | 777,820                                       | -                              | 777,820                                    |
| -                                  | 149,561                                       | -                              | 149,561                                    |
| -                                  | 78,686                                        | -                              | 78,686                                     |
| 359,906                            | 373,588                                       | -                              | 373,588                                    |
| -                                  | 5,542                                         | -                              | 5,542                                      |
| -                                  | 43,709                                        | -                              | 43,709                                     |
| -                                  | 474,448                                       | -                              | 474,448                                    |
| -                                  | -                                             | 3,375,000                      | 3,375,000                                  |
| -                                  | -                                             | 2,681,856                      | 2,681,856                                  |
| -                                  | -                                             | 1,250                          | 1,250                                      |
| -                                  | 460,203                                       | -                              | 460,203                                    |
| 359,906                            | 15,129,493                                    | 6,058,106                      | 21,187,599                                 |
| 35,832                             | (10,751)                                      | (527,889)                      | (538,640)                                  |
| -                                  | -                                             | 354,192                        | 354,192                                    |
| 35,832                             | (10,751)                                      | (173,697)                      | (184,448)                                  |
| 141,137                            | 141,137                                       | 888,079                        | 1,029,216                                  |
| \$ 176,969                         | \$ 130,386                                    | \$ 714,382                     | \$ 844,768                                 |

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2019

| Last 10 Years |                           | (1)         | (2)          | (3)                                                    |
|---------------|---------------------------|-------------|--------------|--------------------------------------------------------|
|               |                           | Tax Rates   |              | Assessed/Appraised<br>Value for School<br>Tax Purposes |
|               |                           | Maintenance | Debt Service |                                                        |
| 2010          | and prior years           | Various     | Various      | \$ Various                                             |
| 2011          |                           | 1.170000    | 0.134900     | 828,448,406                                            |
| 2012          |                           | 1.170000    | 0.134900     | 838,322,189                                            |
| 2013          |                           | 1.170000    | 0.134900     | 850,768,778                                            |
| 2014          |                           | 1.170000    | 0.134900     | 872,203,176                                            |
| 2015          |                           | 1.170000    | 0.134900     | 896,741,770                                            |
| 2016          |                           | 1.170000    | 0.134900     | 894,030,028                                            |
| 2017          |                           | 1.170000    | 0.134900     | 963,755,238                                            |
| 2018          |                           | 1.170000    | 0.134900     | 1,019,364,579                                          |
| 2019          | (School year under audit) | 1.170000    | 0.134900     | 1,096,082,895                                          |
| 1000          | TOTALS                    |             |              |                                                        |

| (10)<br>Beginning<br>Balance<br>7/1/2018 | (20)<br>Current<br>Year's<br>Total Levy | (31)<br>Maintenance<br>Collections | (32)<br>Debt Service<br>Collections | (40)<br>Entire<br>Year's<br>Adjustments | (50)<br>Ending<br>Balance<br>6/30/2019 |
|------------------------------------------|-----------------------------------------|------------------------------------|-------------------------------------|-----------------------------------------|----------------------------------------|
| \$ 556,159                               | \$ -                                    | \$ 16,657                          | \$ 1,920                            | \$ (122,607)                            | \$ 414,975                             |
| 69,001                                   | -                                       | 4,640                              | 535                                 | (47)                                    | 63,779                                 |
| 84,535                                   | -                                       | 9,289                              | 1,071                               | (223)                                   | 73,952                                 |
| 95,337                                   | -                                       | 17,260                             | 1,990                               | 2,658                                   | 78,745                                 |
| 125,507                                  | -                                       | 33,590                             | 3,873                               | 3,574                                   | 91,618                                 |
| 159,271                                  | -                                       | 48,705                             | 5,616                               | 8,116                                   | 113,066                                |
| 235,209                                  | -                                       | 82,436                             | 9,505                               | 9,518                                   | 152,786                                |
| 473,191                                  | -                                       | 208,740                            | 24,068                              | 9,759                                   | 250,142                                |
| 1,161,616                                | -                                       | 608,871                            | 70,202                              | (30,321)                                | 452,222                                |
| -                                        | 14,082,378                              | 11,487,198                         | 1,324,464                           | (84,852)                                | 1,185,864                              |
| <u>\$ 2,959,826</u>                      | <u>\$ 14,082,378</u>                    | <u>\$ 12,517,386</u>               | <u>\$ 1,443,244</u>                 | <u>\$ (204,425)</u>                     | <u>\$ 2,877,149</u>                    |

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2019

| Data<br>Control<br>Codes                   | Budgeted Amounts |            | Actual Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Positive or<br>(Negative) |
|--------------------------------------------|------------------|------------|--------------------------------|------------------------------------------------------------|
|                                            | Original         | Final      |                                |                                                            |
| REVENUES:                                  |                  |            |                                |                                                            |
| 5700 Total Local and Intermediate Sources  | \$ 405,178       | \$ 405,178 | \$ 379,171                     | \$ (26,007)                                                |
| 5800 State Program Revenues                | 46,000           | 46,000     | 120,766                        | 74,766                                                     |
| 5900 Federal Program Revenues              | 10,642,380       | 10,642,380 | 8,972,849                      | (1,669,531)                                                |
| 5020 Total Revenues                        | 11,093,558       | 11,093,558 | 9,472,786                      | (1,620,772)                                                |
| EXPENDITURES:                              |                  |            |                                |                                                            |
| Current:                                   |                  |            |                                |                                                            |
| 0035 Food Services                         | 11,092,758       | 11,092,758 | 8,821,071                      | 2,271,687                                                  |
| 0051 Facilities Maintenance and Operations | 800              | 800        | -                              | 800                                                        |
| 6030 Total Expenditures                    | 11,093,558       | 11,093,558 | 8,821,071                      | 2,272,487                                                  |
| 1200 Net Change in Fund Balances           | -                | -          | 651,715                        | 651,715                                                    |
| 0100 Fund Balance - July 1 (Beginning)     | -                | -          | 2,893,345                      | 2,893,345                                                  |
| 3000 Fund Balance - June 30 (Ending)       | \$ -             | \$ -       | \$ 3,545,060                   | \$ 3,545,060                                               |

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2019

| Data<br>Control<br>Codes                                          | Budgeted Amounts |              | Actual Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Positive or<br>(Negative) |
|-------------------------------------------------------------------|------------------|--------------|--------------------------------|------------------------------------------------------------|
|                                                                   | Original         | Final        |                                |                                                            |
| REVENUES:                                                         |                  |              |                                |                                                            |
| 5700 Total Local and Intermediate Sources                         | \$ 1,398,994     | \$ 1,398,994 | \$ 1,489,726                   | \$ 90,732                                                  |
| 5800 State Program Revenues                                       | 4,306,670        | 4,306,670    | 4,040,491                      | (266,179)                                                  |
| 5020 Total Revenues                                               | 5,705,664        | 5,705,664    | 5,530,217                      | (175,447)                                                  |
| EXPENDITURES:                                                     |                  |              |                                |                                                            |
| Debt Service:                                                     |                  |              |                                |                                                            |
| 0071 Principal on Long-Term Debt                                  | -                | 3,375,000    | 3,375,000                      | -                                                          |
| 0072 Interest on Long-Term Debt                                   | -                | 2,681,856    | 2,681,856                      | -                                                          |
| 0073 Bond Issuance Cost and Fees                                  | -                | 3,000        | 1,250                          | 1,750                                                      |
| 6030 Total Expenditures                                           | -                | 6,059,856    | 6,058,106                      | 1,750                                                      |
| 1100 Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | 5,705,664        | (354,192)    | (527,889)                      | (173,697)                                                  |
| OTHER FINANCING SOURCES (USES):                                   |                  |              |                                |                                                            |
| 7915 Transfers In                                                 | 354,192          | 354,192      | 354,192                        | -                                                          |
| 1200 Net Change in Fund Balances                                  | 6,059,856        | -            | (173,697)                      | (173,697)                                                  |
| 0100 Fund Balance - July 1 (Beginning)                            | -                | 888,079      | 888,079                        | -                                                          |
| 3000 Fund Balance - June 30 (Ending)                              | \$ 6,059,856     | \$ 888,079   | \$ 714,382                     | \$ (173,697)                                               |



# Cascos & Associates, PC

Certified Public Accountants

Audit/Accounting/Tax/Consulting

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

To the Board of Trustees  
San Benito Consolidated Independent School District  
San Benito, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the San Benito Consolidated Independent School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the San Benito Consolidated Independent School District's basic financial statements, and have issued our report thereon dated November 19, 2019.

### Internal Control over Financial Reporting

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

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

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 San Benito Consolidated Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Brownsville, Texas  
November 19, 2019



# Cascos & Associates, PC

Certified Public Accountants  
Audit/Accounting/Tax/Consulting

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## 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  
San Benito Consolidated Independent School District  
San Benito, Texas

### Report on Compliance for Each Major Federal Program

We have audited the San Benito Consolidated Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the San Benito Consolidated Independent School District's major federal programs for the year ended June 30, 2019. San Benito Consolidated Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

### Opinion on Each Major Federal Program

In our opinion, the San Benito Consolidated Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.



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## Report on Internal Control over Compliance

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

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

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

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

*Carm Associates, PC*

Brownsville, Texas  
November 19, 2019

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

**I. Summary of the Auditors' Results:**

*Financial Statements*

|                                                                                             |               |
|---------------------------------------------------------------------------------------------|---------------|
| The type of auditors' report on financial statements:                                       | Unmodified    |
| Internal control over financial reporting:                                                  |               |
| Material weakness(es) identified:                                                           | No            |
| Significant Deficiency(ies) identified that are not considered to be material weakness(es)? | None reported |
| Noncompliance which is material to the basic financial statements                           | No            |

*Federal Awards*

|                                                                                             |                                                                       |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Internal control over major programs:                                                       |                                                                       |
| Material weakness(es) identified?                                                           | No                                                                    |
| Significant Deficiency(ies) identified that are not considered to be material weakness(es)? | 2019-001                                                              |
| Type of auditors' report on compliance with major programs:                                 | Unmodified                                                            |
| Any audit findings which are required to be reported in accordance with 2CFR 200.516(a)?:   | Yes                                                                   |
| Dollar threshold used to distinguish between Type A and Type B programs:                    | \$ 750,000                                                            |
| Low risk auditee:                                                                           | No                                                                    |
| Identification of major programs :                                                          |                                                                       |
| <u>CFDA Numbers :</u>                                                                       | <u>Name of Federal Program or Cluster</u>                             |
| 84.010                                                                                      | ESEA, Title I, Part A, Improving Basic Programs                       |
| 84.027 & 84.173                                                                             | Special Education Cluster (IDEA)                                      |
| 84.287                                                                                      | Title IV, Part B, 21 <sup>st</sup> Century Community Learning Centers |

**II. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

None

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

**III. Findings and Questioned Costs for Federal Awards.**

**Finding 2019-001**

***Equipment and Real Property Management***

**Criteria:**

The District is required to maintain property records that include a description of the property, identification number, source of funding for the property (including the Federal award identification number), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project cost for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property.

**Condition:**

The District was unable to provide a listing of assets which specifically identified whether the asset was purchased with federal program funds. The District assets are included in an overall listing of District assets without specific identification.

**Cause:**

The District hired a third party service provider who conducted an inventory of District assets and tagged items with the third party's respective tag number. The District has also added its own tag number to assets which leaves assets with two sets of tags. During consolidation of both the third party and District equipment inventory listings the identification as to whether the assets were acquired by federal funds was not documented.

**Effect:**

The District is at risk of not being in compliance when disposing of assets purchased with federal funding.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019

**Finding 2018-001**

***Equipment and Real Property Management***

**Condition:**

The District was unable to provide a listing of assets which specifically identified whether the asset was purchased with federal program funds. The District assets are included in an overall listing of District assets without specific identification.

**Recommendation:**

We recommend the District compile an equipment inventory listing that can segregate equipment purchases from specific federal funds with one set of tag numbers so that these types of purchases are clearly identifiable.

**Current Year Status:**

See Finding 2019-001.



**Hilda G. Rendon**  
Assistant Superintendent of Finance & Operations

**SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE TEN MONTHS ENDED JUNE 30, 2019**

**Board of Trustees**

Michael A. Vargas  
President

Orlando López  
Vice-President

Janie G. Silva  
Secretary

Sonia Weaver  
Angel Mendez  
Victor Eloy Rosas  
M.L. Garcia

**San Benito Consolidated Independent School District  
CY Findings & Questioned Costs  
June 30, 2019**

| Finding No.                  | Finding Type                                 | Rep Ref No.                                                                                                                                                                                                                                                                                                                                                                                                                                                  | WP REF | Desc                           | Material Weakness | Significant Deficiency |
|------------------------------|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------------------------|-------------------|------------------------|
| 1                            | Award-Child Nutrition Cluster 10.555, 10.553 | 2019-01                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 8125   | Equipment, property management | No                | Yes                    |
| <b>Criteria/Condition</b>    |                                              | The District was unable to provide a listing of assets which specifically identified whether the asset was purchased with federal program funds. The District's assets are included in an overall listing of District assets without specific identification.                                                                                                                                                                                                |        |                                |                   |                        |
| <b>Cause/Effect</b>          |                                              | The District hired a third-party service provider who conducted an inventory of District Assets and tagged items with the third party's respective tag number. The District has also added its own tag number to assets which leaves assets with two sets of tags. During the consolidation of both the third party and District equipment inventory listings the identification as to whether the assets were acquired by federal funds was not documented. |        |                                |                   |                        |
| <b>Recommendation</b>        |                                              | We recommend the District compile an equipment inventory listing that can segregate equipment purchases from specific federal funds with one set of tag numbers so that these type purchases are clearly identifiable.                                                                                                                                                                                                                                       |        |                                |                   |                        |
| <b>Management's Response</b> |                                              | The District Financial software has a built-in Fixed Assets module that is still being built. Product implementation for the previous and current year should be complete in March 2020. Person responsible is Jose E. Cavazos.                                                                                                                                                                                                                              |        |                                |                   |                        |

  
Signature

11/19/2019  
Date

**San Benito Schools - The Gold Standard in Public Education**

240 North Crockett Street • San Benito, TX 78586 • 956.361.6168 • [www.sbcisd.net](http://www.sbcisd.net)

It is the policy of the San Benito CISD not to discriminate on the basis of race, color, national origin, gender, or disability in its educational and Career and Technology programs, services or activities as required by Title VI of the Civil Rights Act of 1964.



SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

| (1)                                                                   | (2)                    | (3)                                       | (3)                     |
|-----------------------------------------------------------------------|------------------------|-------------------------------------------|-------------------------|
| Federal Grantor/<br>Pass-Through Grantor/<br>Program or Cluster Title | Federal<br>CFDA<br>No. | Pass-Through<br>Entity Identifying<br>No. | Federal<br>Expenditures |
| <b>U.S. DEPARTMENT OF DEFENSE</b>                                     |                        |                                           |                         |
| <i>Direct Programs</i>                                                |                        |                                           |                         |
| J.R.O.T.C.                                                            | 12.000                 | JROTC174S                                 | \$ 19,707               |
| Total CFDA No. 12.000                                                 |                        |                                           | <u>19,707</u>           |
| Total U.S. Department of Defense                                      |                        |                                           | <u>19,707</u>           |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                                   |                        |                                           |                         |
| <i>Passed Through Texas Education Agency:</i>                         |                        |                                           |                         |
| ESEA, Title I, Part A-Improving Basic Programs                        | 84.010                 | 18-610101031912                           | 1,015,756               |
| ESEA, Title I, Part A-Improving Basic Programs                        | 84.010                 | 19-610101031912                           | 5,241,457               |
| Total CFDA No. 84.010A                                                |                        |                                           | <u>6,257,213</u>        |
| Title 1, Part C - Migrant                                             | 84.011                 | 18-615001108907                           | 153,464                 |
| Title 1, Part C - Migrant                                             | 84.011                 | 19-615001108907                           | 889,720                 |
| Total CFDA No. 84.011A                                                |                        |                                           | <u>1,043,184</u>        |
| SSA IDEA Part B Formula                                               | 84.027                 | 18-6600010319126000                       | 672,915                 |
| SSA IDEA Part B Formula                                               | 84.027                 | 19-6600010319126000                       | 1,995,142               |
| SSA IDEA Part B PreSchool                                             | 84.173                 | 18-6610010319126000                       | 11,059                  |
| SSA IDEA Part B PreSchool                                             | 84.173                 | 19-6610010319126000                       | 3,324                   |
| Total Special Education Cluster (IDEA)                                |                        |                                           | <u>2,682,440</u>        |
| Career and Technical - Basic Grant                                    | 84.048                 | 19-420006180907                           | 214,687                 |
| Total CFDA No. 84.048A                                                |                        |                                           | <u>214,687</u>          |
| Title IV Part B 21st Century Community Learning Centers               | 84.287                 | 18-6950247110025                          | 122,600                 |
| Title IV Part B 21st Century Community Learning Centers               | 84.287                 | 18-6950247110025                          | 224,476                 |
| Title IV Part B 21st Century Community Learning Centers               | 84.287                 | 19-6950247110025                          | 1,574,401               |
| Total CFDA No. 84.287C                                                |                        |                                           | <u>1,921,477</u>        |
| Title III Part A English Language Acquisition                         | 84.365                 | 18-671001031912                           | 106,321                 |
| Title III Part A English Language Acquisition                         | 84.365                 | 19-671001031912                           | 236,948                 |
| Total CFDA No. 84.365A                                                |                        |                                           | <u>343,269</u>          |
| ESEA Title II Pt A-Teacher & Principal Training & Recruitment         | 84.367                 | 18-694501031912                           | 304,204                 |
| ESEA Title II Pt A-Teacher & Principal Training & Recruitment         | 84.367                 | 19-694501031912                           | 548,597                 |
| Total CFDA No. 84.367A                                                |                        |                                           | <u>852,801</u>          |
| Title I, Part A-Subpar 1                                              | 84.424                 | 18-680101031912                           | 48,883                  |
| Title I, Part A-Subpar 1                                              | 84.424                 | 19-680101031912                           | 166,987                 |
| Total CFDA No. 84.424A                                                |                        |                                           | <u>215,870</u>          |
| Total Passed Through Texas Education Agency                           |                        |                                           | <u>13,530,941</u>       |
| <i>Passed Through Region One Education Service Center:</i>            |                        |                                           |                         |
| GEAR UP Ready, Set, College                                           | 84.334                 | 18-P334A110180                            | 189,964                 |
| Project Rise                                                          | 84.374                 | U374A160003-16A                           | 213,426                 |
| Total Passed Through Region One Education Service Center              |                        |                                           | <u>403,390</u>          |
| Total U.S. Department of Education                                    |                        |                                           | <u>13,934,331</u>       |

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

| (1)                                                                   | (2)                    | (3)                                       | (3)                     |
|-----------------------------------------------------------------------|------------------------|-------------------------------------------|-------------------------|
| Federal Grantor/<br>Pass-Through Grantor/<br>Program or Cluster Title | Federal<br>CFDA<br>No. | Pass-Through<br>Entity Identifying<br>No. | Federal<br>Expenditures |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                   |                        |                                           |                         |
| <i>Passed Through Texas Department of Human Services:</i>             |                        |                                           |                         |
| Medicaid Administrative Claiming Program - MAC                        | 93.778                 | N/A                                       | \$ 20,541               |
| Total Passed Through Texas Department of Human Services               |                        |                                           | <u>20,541</u>           |
| Total U.S. Department of Health and Human Services                    |                        |                                           | <u>20,541</u>           |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                 |                        |                                           |                         |
| <i>Passed Through Texas Education Agency:</i>                         |                        |                                           |                         |
| National School Breakfast Program <sup>1, 2</sup>                     | 10.553                 | 71401901                                  | 2,176,463               |
| National School Lunch & Supper Program <sup>1, 2</sup>                | 10.555                 | 71301901                                  | 5,457,555               |
| Child and Adult Care Food Program <sup>1</sup>                        | 10.558                 | 71301901                                  | <u>851,211</u>          |
| Total Passed Through Texas Education Agency                           |                        |                                           | <u>8,485,229</u>        |
| <i>Passed Through Texas Department of Agriculture:</i>                |                        |                                           |                         |
| Commodity Supplemental Food Program <sup>1</sup>                      | 10.565                 | 00571                                     | 586,704                 |
| Fresh Fruit & Vegetable Program <sup>1</sup>                          | 10.582                 | N/A                                       | <u>140,088</u>          |
| Total Passed Through Texas Department of Agriculture                  |                        |                                           | <u>726,792</u>          |
| Total U.S. Department of Agriculture                                  |                        |                                           | <u>9,212,021</u>        |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                           |                        |                                           | <u>\$ 23,186,600</u>    |

1 \$2,176,463 of the School Breakfast Program, \$5,457,555 of the National School Lunch Program, \$851,211 of the Child and Adult Care Food Program, \$586,704 of the Commodity Supplemental Food Program, and \$140,088 of the Fresh Fruit & Vegetable Program is reported in the General Fund.

2 Total Child Nutrition Cluster - \$7,634,018

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019

**1. GENERAL**

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

In accordance with TEA instructions, federal funds for the School Health and Related Services (SHARS) have been excluded from the Schedule of Expenditures of Federal Awards.

Federal program revenues for R.O.T.C, the Child Nutrition Cluster, School Health and Related Service (SHARS), Medicaid Administrative Claims (MAC), and reimbursement of indirect costs are reported in the General Fund. All other federal programs are accounted for and reported in Special Revenue Funds.

**2. BASIS OF ACCOUNTING AND PRESENTATION**

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The District's significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements.

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

**3. PASS-THROUGH EXPENDITURES**

None of the federal programs expended by the District were provided to subrecipients.

**4. INDIRECT COSTS**

The District has received a negotiated indirect cost rate from TEA and may not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

**5. RECONCILIATION**

The following is the reconciliation of federal revenues and the Schedule of Expenditures of Federal Awards for the year ended June 30, 2019.

|                                                                                                                                |                             |
|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Federal revenues per the Statement of Revenues,<br>Expenditures and Changes in Fund Balance-<br>Government Funds (Exhibit C-3) | \$ 25,826,780               |
| Less:                                                                                                                          |                             |
| SHARS                                                                                                                          | <u>2,640,180</u>            |
| Federal expenditures                                                                                                           | <u><u>\$ 23,186,600</u></u> |