



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

Agenda Item Summary

Meeting Date: January 23, 2019

Purpose:  Presentation/Report  Recognition  Discussion/ Possible Action

Closed/Executive Session  Work Session  Discussion Only  Consent

From: Juan C Zamora, Chief Financial Report

Item Title: Approve District Annual Financial Audit Report (AFR) for Fiscal Year Ended August 31, 2018

Description:

Discussion and possible action to approve and accept the 2017-2018 District Annual Financial Report submitted by Garza/Gonzalez & Associates. Texas Education Code Sec. 44.008 requires all districts to have their finances audited annually by a certified or public accountant holding a permit from the Texas State Board of Public Accountancy. A copy of the audit approved by the board of trustees must be filed with TEA no later than the 150<sup>th</sup> day after the end of the fiscal year (Aug 31<sup>st</sup>). This year's deadline is January 28, 2019.

Recommendation:

Approve the District Annual Financial Report for Fiscal Year Ended August 31, 2018 as presented.

District Goal/Strategy:

Strategy 5 We will promote and ensure a safe and secure learning environment for all students.

Funding Budget Code and Amount:

CFO Approval

N/A

APPROVED BY:

SIGNATURE

DATE

Chief Officer:

Superintendent:

*[Handwritten signatures]*

*[Handwritten dates: 1/19/19, 1/10/19]*

**Garza/Gonzalez & Associates**

CERTIFIED PUBLIC ACCOUNTANTS

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**SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT**

San Antonio, Texas

**ANNUAL FINANCIAL REPORT**

For The Year Ended August 31, 2018

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

ANNUAL FINANCIAL REPORT

For The Year Ended August 31, 2018

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San Antonio, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For The Year Ended August 31, 2018

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## **INTRODUCTORY SECTION**



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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

BEXAR

015-908

Name of School District

County

Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended August 31, 2018 at a meeting of the Board of Trustees of such school district on the \_\_\_\_\_ day of January, 2019.

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

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

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

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## **FINANCIAL SECTION**

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

### **Auditors' Responsibility**

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

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

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in the notes to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions amending GASB Statement No.45*. GASB Statement No. 75 requires state and local government agencies to report the actuarially determined net other post-employment benefit (OPEB) liability in its financial statements. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor financial statements, and other supplementary information are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.



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The combining and individual nonmajor financial statements, the schedule of expenditures of federal awards, and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor financial statements, the schedule of expenditures of federal awards, and other supplementary information 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 January 9, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "George Gonzalez" with a stylized flourish underneath.

January 9, 2019

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2018

This discussion and analysis of South San Antonio Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the year ended August 31, 2018. It should be read in conjunction with the District's financial statements.

**FINANCIAL HIGHLIGHTS**

- The District's total combined net position reflected in the government-wide Statement of Net Position was (\$28,240,741) at August 31, 2018, which is a decrease of \$46,679,385 from the prior year balance. The majority of the decrease is related to the implementation in the current year of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The net deferred outflows, and net deferred inflows related to OPEB and the net OPEB liability impacted net position by (\$49,420,829) as of August 31, 2018.
- For the fiscal year ended August 31, 2018, the District's general fund reported a total fund balance of \$26,370,285, of which \$26,370,285 is unassigned. This represents an increase in unassigned fund balance of \$5,766,358 from the prior year.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds, the debt service fund, and the capital projects fund) reported combined ending fund balances of \$35,003,212, an increase of \$4,422,029 from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of three parts — *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplementary Information*. The basic statements include two kinds of statements that present different views of the District.

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2018

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide statements report information about the District's *net position* and the changes from the previous year. Net position (the difference between the District's assets, deferred outflows and liabilities and deferred inflows) is one way to measure the District's financial health or position.

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

The governmental-wide financial statements of the District include the *Governmental Activities*. The District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operation and maintenance are included in here. Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of these activities.

**FUND FINANCIAL STATEMENTS**

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2018

The District has three kinds of funds:

- *Governmental funds* — Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page to the governmental funds statement that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
- *Fiduciary funds* — The District serves as the trustee, or *fiduciary*, for certain funds such as student activity funds and private purpose trust funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.

(Continued)

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2018

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

The District's combined net position was (\$26,386,437) at August 31, 2018. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the fiscal year ended August 31, 2018. The District reported a decrease of \$46,825,081 in net position from the prior year. This change can be attributed primarily to the implementation of GASB Statement No. 75. The District was required to report prior year restatements related to the implementation of GASB Statement No. 75 of \$61,697,522.

Table 1  
Net Position

Description	Governmental Activities		Total Change
	2018	2017	2017-2016
Current Assets	\$ 51,002,463	\$ 45,382,642	\$ 5,619,821
Capital Assets	168,404,700	177,082,898	(8,678,198)
Total	<u>219,407,163</u>	<u>222,465,540</u>	<u>(3,058,377)</u>
Deferred Charge on Refunding	7,186,558	7,771,377	(584,819)
Deferred Outflows - OPEB	482,800	-	482,800
Deferred Outflows - Pension	6,875,635	8,367,504	(1,491,869)
Total Deferred Outflows of Resources	<u>14,544,993</u>	<u>16,138,881</u>	<u>(1,593,888)</u>
Current Liabilities	10,791,630	9,150,441	1,641,189
Long-term Liabilities	233,628,860	207,719,194	25,909,666
Total Liabilities	<u>244,420,490</u>	<u>216,869,635</u>	<u>27,550,855</u>
Deferred Inflows - Pension	3,054,255	1,296,142	1,758,113
Deferred Inflows - OPEB	14,718,152	-	14,718,152
Total Deferred Inflows of Resources	<u>17,772,407</u>	<u>1,296,142</u>	<u>16,476,265</u>
Net Position:			
Net Investment in Capital Assets	8,761,934	9,873,239	(1,111,305)
Restricted	3,478,056	4,804,003	(1,325,947)
Unrestricted	(40,480,731)	5,761,402	(46,242,133)
Total Net Pension	<u>\$ (28,240,741)</u>	<u>\$ 20,438,644</u>	<u>\$ (48,679,385)</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2018

Table 2  
Changes in Net Position

Description	Governmental Activities		Total Change
	2018	2017	2017-2016
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 1,177,247	\$ 2,359,897	\$ (1,182,650)
Operating grants and contributions	5,681,102	33,331,909	(27,650,807)
General revenues			
Property taxes	23,607,412	23,045,000	562,412
Grants and contributions not restricted	59,460,486	57,259,585	2,200,901
Investment earnings	557,069	237,336	319,733
Miscellaneous	123,474	313,461	(189,987)
<b>Total Revenue</b>	<b>90,606,790</b>	<b>116,547,188</b>	<b>(25,940,398)</b>
<b>Expenses</b>			
Instruction	37,458,022	59,511,310	(22,053,288)
Instructional resources and media services	875,804	1,480,152	(604,348)
Curriculum and staff development	1,804,282	1,982,456	(178,174)
Instructional leadership	2,163,352	3,256,686	(1,093,334)
School leadership	3,675,671	5,743,237	(2,067,566)
Guidance, counseling, and evaluation services	2,018,270	3,033,152	(1,014,882)
Social work services	227,125	415,557	(188,432)
Health services	935,223	1,614,138	(678,915)
Student transportation	1,438,324	2,120,459	(682,135)
Food services	5,642,585	7,359,903	(1,717,318)
Co-curricular/extracurricular activities	1,711,330	2,076,862	(365,532)
General administration	2,140,478	4,154,217	(2,013,739)
Plant maintenance and operations	8,314,961	9,914,540	(1,599,579)
Security and monitoring	802,633	1,465,318	(662,685)
Data processing services	1,380,333	2,079,272	(698,939)
Community services	360,168	471,859	(111,691)
Interest on long-term debt	6,908,810	6,594,421	314,389
Bond issuance costs and fees	24,810	23,140	1,670
Payments related to shared service arrangements	-	281,675	(281,675)
Payments to juvenile justice alternative education program	-	3,412	(3,412)
Other intergovernmental charges	(293,528)	1,121,313	(1,414,841)
<b>Total Expenses</b>	<b>77,588,653</b>	<b>114,703,079</b>	<b>(37,114,426)</b>
<b>Changes in Net Position</b>	<b>13,018,137</b>	<b>1,844,109</b>	<b>11,174,028</b>
Beginning Net Position (Restated)	20,438,644	18,594,535	1,844,109
Prior Period Adjustment	(61,697,522)	-	(61,697,522)
<b>Ending Net Position</b>	<b>\$ (28,240,741)</b>	<b>\$ 20,438,644</b>	<b>\$ (48,679,385)</b>



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2018

**Financial Analysis of the District's Funds**

At the close of the fiscal year ending August 31, 2018, the District's governmental funds reported a combined fund balance of \$35,003,212. This compares to a combined fund balance of \$34,836,978 at August 31, 2017. The fund balance in the general fund decreased (\$1,328,016) due to reclassification of the Nutrition Fund and the Workers Compensation Fund offset by cost savings implemented by the District. The debt service fund decreased (\$556,485) due to a decrease in state revenues. The non-major fund balance increased by \$2,050,735 due primarily to the reclassification of the Nutrition Fund.

**Budgetary Highlights**

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

During the period ended August 31, 2018, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. There were no material changes between the original budget and the final amended budget. The general fund's actual revenues exceeded the budgeted revenues by \$1,189,694 and the budgeted expenditures exceeded actual expenditures by \$7,241,878.

**Capital Assets**

The District, at the end of the fiscal year, had a historical capital asset valuation of \$300,108,158 which represents an increase of \$900,567 due to the addition of equipment purchased in the current year. Depreciation expense for the year of \$9,578,565 was also recognized together with the capital asset additions resulted in a net decrease to capital assets of (\$8,678,198). For capital asset activity, please refer to Note III (D) of the notes to the basic financial statements on pages 37-38.

Table 3  
District's Capital Assets

	Governmental Activities	
	2018	2017
Land and Land Improvements	\$ 2,796,842	\$ 2,796,842
Buildings and Improvements	280,371,146	280,160,873
Furniture and Equipment	16,940,170	16,249,876
Total at Historical Cost	300,108,158	299,207,591
Less Accumulated Depreciation for:		
Buildings and Improvements	(117,519,603)	(108,921,852)
Furniture and Equipment	(14,183,855)	(13,202,841)
Total Accumulated Depreciation for:	(131,703,458)	(122,124,693)
Governmental Activities Capital Assets, net	\$ 168,404,700	\$ 177,082,898

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2018

**Long-Term Debt**

At year end the District had \$178,475,935 in long-term debt outstanding as shown in table 4. For detailed information of the District's long term debt refer to Note III (G) on pages 40-41.

Table 4  
District's Long-Term Debt

	Governmental Activities	
	2018	2017
Bonds Payable	\$ 156,586,899	\$ 163,391,899
Unamortized Premium	10,972,414	11,821,689
Accreted Interest	9,650,202	8,921,920
Compensated Absences	1,266,420	1,108,900
Total Long-Term Debt	\$ 178,475,935	\$ 185,244,408

In addition, the District reports a net pension liability of \$19,967,448 a decrease of \$2,507,338 from the prior year and a net OPEB liability of \$35,185,477 due to the implementation of GASB Statement No. 75.

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

The following factors were considered in establishing the District's budget for 2018-2019:

- The District budgeted revenues of \$71,885,399 and expenditures of \$73,616,005 for a deficit of \$1,730,606 in the general fund.
- The District projected a loss of 500 in student enrollment in 2018-2019, as the district had this same loss of enrollment in 2017-2018. The district anticipates a loss of 200 annually thru 2020-2021 with the expansion of two charter schools in our district boundaries.
- The District's Board of Trustees adopted a Maintenance & Operation tax rate of \$1.04 and an Interest & Sinking tax rate of \$0.4115 for a total of \$1.4515 per \$100 of property valuation.
- The District has an increase in taxable property values from \$1.63 billion to \$1.73 billion, but because of the hold harmless formulas established by the state, the District will lose funding from the state that will offset the additional local property taxes collected.
- The District will continue to monitor staffing ratios and spending in order to achieve the anticipated positive impact to the District's fund balance.
- The district has started 3 middle school academies in an effort to keep and attract new students to the district. The district is also looking at other innovative programs to implement at the elementary campuses.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2018

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

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## **Government-Wide Financial Statements**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2018

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 42,673,737
1220 Property Taxes - Delinquent	1,967,834
1230 Allowance for Uncollectible Taxes	(196,783)
1240 Due from Other Governments	6,281,310
1267 Due from Fiduciary Funds	2,040
1290 Other Receivables, Net	14,018
1300 Inventories	260,307
Capital Assets:	
1510 Land	2,796,842
1520 Buildings, Net	162,851,543
1530 Furniture and Equipment, Net	2,756,315
1000 Total Assets	219,407,163
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	7,186,558
1705 Deferred Outflow Related to TRS Pension	6,875,635
1706 Deferred Outflow Related to TRS OPEB	482,800
1700 Total Deferred Outflows of Resources	14,544,993
<b>LIABILITIES</b>	
2110 Accounts Payable	776,207
2140 Interest Payable	265,723
2150 Payroll Deductions and Withholdings	1,350,824
2160 Accrued Wages Payable	3,294,460
2180 Due to Other Governments	4,537,137
2200 Accrued Expenses	513,785
2300 Unearned Revenue	53,494
Noncurrent Liabilities:	
2501 Due Within One Year	6,555,869
2502 Due in More Than One Year	171,920,066
2540 Net Pension Liability (District's Share)	19,967,448
2545 Net OPEB Liability (District's Share)	35,185,477
2000 Total Liabilities	244,420,490
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Resource Inflow Related to TRS Pension	3,054,255
2606 Deferred Resource Inflow Related to TRS OPEB	14,718,152
2600 Total Deferred Inflows of Resources	17,772,407
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	8,761,934
3820 Restricted for Federal and State Programs	2,441,843
3890 Restricted for Other Purposes	1,036,213
3900 Unrestricted	(40,480,731)
3000 Total Net Position	\$ (28,240,741)

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position  Primary Gov. Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 37,458,022	\$ 280,452	\$ (2,636,262)	\$ (39,813,832)
12 Instructional Resources and Media Services	875,804	62,846	(201,310)	(1,014,268)
13 Curriculum and Instructional Staff Development	1,804,282	8,978	1,973,655	178,351
21 Instructional Leadership	2,163,352	-	1,106,570	(1,056,782)
23 School Leadership	3,675,671	130,181	(821,064)	(4,366,554)
31 Guidance, Counseling and Evaluation Services	2,018,270	-	(319,219)	(2,337,489)
32 Social Work Services	227,125	-	(15,932)	(243,057)
33 Health Services	935,223	-	798,314	(136,909)
34 Student (Pupil) Transportation	1,438,324	110,103	(205,467)	(1,533,688)
35 Food Services	5,642,585	308,644	6,019,244	685,303
36 Extracurricular Activities	1,711,330	163,982	(231,507)	(1,778,855)
41 General Administration	2,140,478	103,357	(322,225)	(2,359,346)
51 Facilities Maintenance and Operations	8,314,961	-	(600,224)	(8,915,185)
52 Security and Monitoring Services	802,633	-	(312,065)	(1,114,698)
53 Data Processing Services	1,380,333	-	169,099	(1,211,234)
61 Community Services	360,168	8,704	318,710	(32,754)
72 Debt Service - Interest on Long-Term Debt	6,908,810	-	960,785	(5,948,025)
73 Debt Service - Bond Issuance Cost and Fees	24,810	-	-	(24,810)
99 Other Intergovernmental Charges	(293,528)	-	-	293,528
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 77,588,653	\$ 1,177,247	\$ 5,681,102	(70,730,304)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			16,914,395
DT	Property Taxes, Levied for Debt Service			6,693,017
GC	Grants and Contributions not Restricted			59,460,486
IE	Investment Earnings			557,069
MI	Miscellaneous Local and Intermediate Revenue			123,474
TR	Total General Revenues			83,748,441
CN	Change in Net Position			13,018,137
NB	Net Position - Beginning			20,438,644
PA	Prior Period Adjustment			(61,697,522)
NE	Net Position--Ending			\$ (28,240,741)

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



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## **Governmental Funds Financial Statements**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2018

Data Control Codes	General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 34,003,700	\$ 4,594,585	\$ 4,056,260	\$ 42,654,545
1220 Property Taxes - Delinquent	1,416,840	550,994	-	1,967,834
1230 Allowance for Uncollectible Taxes	(141,684)	(55,099)	-	(196,783)
1240 Due from Other Governments	3,015,336	-	3,265,974	6,281,310
1260 Due from Other Funds	2,668,566	28,536	917	2,698,019
1290 Other Receivables	14,008	-	10	14,018
1300 Inventories	-	-	260,307	260,307
1000 Total Assets	<u>\$ 40,976,766</u>	<u>\$ 5,119,016</u>	<u>\$ 7,583,468</u>	<u>\$ 53,679,250</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 532,802	\$ -	\$ 224,151	\$ 756,953
2150 Payroll Deductions and Withholdings Payable	1,350,824	-	-	1,350,824
2160 Accrued Wages Payable	3,037,462	-	256,998	3,294,460
2170 Due to Other Funds	4,285,247	-	2,581,990	6,867,237
2180 Due to Other Governments	4,089,665	445,994	1,478	4,537,137
2200 Accrued Expenditures	10,750	-	-	10,750
2300 Unearned Revenue	-	-	53,494	53,494
2000 Total Liabilities	<u>13,306,750</u>	<u>445,994</u>	<u>3,118,111</u>	<u>16,870,855</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	1,299,731	505,452	-	1,805,183
2600 Total Deferred Inflows of Resources	<u>1,299,731</u>	<u>505,452</u>	<u>-</u>	<u>1,805,183</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	-	-	260,307	260,307
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	2,441,843	2,441,843
3470 Capital Acquisition and Contractual Obligation	-	-	729,989	729,989
3480 Retirement of Long-Term Debt	-	4,167,570	-	4,167,570
3490 Other Restricted Fund Balance	-	-	1,036,213	1,036,213
3600 Unassigned Fund Balance	26,370,285	-	(2,995)	26,367,290
3000 Total Fund Balances	<u>26,370,285</u>	<u>4,167,570</u>	<u>4,465,357</u>	<u>35,003,212</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 40,976,766</u>	<u>\$ 5,119,016</u>	<u>\$ 7,583,468</u>	<u>\$ 53,679,250</u>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 AUGUST 31, 2018

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	35,003,212
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		3,668,161
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 \$299,207,591 and the accumulated depreciation was (\$122,124,693). At the beginning of the year, bonds payable, other long-term liabilities, and compensated absences were (\$185,244,408), interest payable of (\$160,845) and deferred charge for bond refunding was \$7,771,377. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to (decrease) net position.		(550,978)
Transactions related to current year capital outlays and long-term debt principal payments, accretion on capital appreciation bonds, changes in compensated absences, and interest payable are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting as follows:		6,979,343
<ul style="list-style-type: none"> <li>● Acquisition of Capital Assets of \$900,567</li> <li>● Principal Payments on Bonds Payable of \$6,805,000</li> <li>● Accretion on Capital Appreciation Bonds of (\$728,282)</li> <li>● Amortization of Loss on Refunded debt was (\$584,819)</li> <li>● Amortization of Bond Premium of \$849,275</li> <li>● Change in interest payable of (\$104,878)</li> <li>● Change in compensated absences of (\$157,520)</li> </ul> The net effect is to increase net position.		
Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of (\$19,967,448), a Deferred Resource Inflow related to TRS in the amount of (\$3,054,255) and a Deferred Resource Outflow related to TRS in the amount of \$6,875,635. The net effect is to (decrease) net position		(16,146,068)
The District implemented GASB 75 reporting requirements for the OPEB benefit plan through TRS. Since this is the first year of implementation, a prior period adjustment was required in the amount of (\$62,118,183). The District's proportionate share of the TRS OPEB plan's liability resulted in a net OPEB liability of (\$35,185,477), a deferred outflow of \$482,800 and a deferred inflow of (\$14,718,152). The net effect was to (decrease) net position.		(49,420,829)
The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.		(9,578,765)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from the current year tax levy as revenues in the amount of \$611,754 and from prior year tax levies in the amount of \$1,193,429. The net effect of these reclassifications and recognitions is to increase net position.		1,805,183
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>(28,240,741)</b>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 17,743,803	\$ 6,757,572	\$ 713,738	\$ 25,215,113
5800 State Program Revenues	57,110,472	5,855,859	1,532,873	64,499,204
5900 Federal Program Revenues	2,565,451	-	15,267,960	17,833,411
5020 Total Revenues	<u>77,419,726</u>	<u>12,613,431</u>	<u>17,514,571</u>	<u>107,547,728</u>
EXPENDITURES:				
Current:				
0011 Instruction	41,126,305	-	6,524,583	47,650,888
0012 Instructional Resources and Media Services	942,608	-	47,149	989,757
0013 Curriculum and Instructional Staff Development	444,474	-	2,039,403	2,483,877
0021 Instructional Leadership	1,489,391	-	1,432,596	2,921,987
0023 School Leadership	4,703,607	-	220,396	4,924,003
0031 Guidance, Counseling and Evaluation Services	2,651,802	-	180,673	2,832,475
0032 Social Work Services	325,457	-	71,191	396,648
0033 Health Services	1,272,248	-	284	1,272,532
0034 Student (Pupil) Transportation	1,836,876	-	149,756	1,986,632
0035 Food Services	-	-	6,464,479	6,464,479
0036 Extracurricular Activities	1,911,892	-	99,515	2,011,407
0041 General Administration	2,999,908	-	70,707	3,070,615
0051 Facilities Maintenance and Operations	9,000,049	-	629,062	9,629,111
0052 Security and Monitoring Services	1,300,051	-	-	1,300,051
0053 Data Processing Services	1,631,245	-	-	1,631,245
0061 Community Services	102,110	-	371,221	473,331
Debt Service:				
0071 Principal on Long-Term Debt	-	6,805,000	-	6,805,000
0072 Interest on Long-Term Debt	-	6,340,106	-	6,340,106
0073 Bond Issuance Cost and Fees	-	24,810	-	24,810
Capital Outlay:				
0081 Facilities Acquisition and Construction	210,273	-	-	210,273
Intergovernmental:				
0099 Other Intergovernmental Charges	(294,928)	-	1,400	(293,528)
6030 Total Expenditures	<u>71,653,368</u>	<u>13,169,916</u>	<u>18,302,415</u>	<u>103,125,699</u>
1200 Net Change in Fund Balances	5,766,358	(556,485)	(787,844)	4,422,029
0100 Fund Balance - September 1 (Beginning)	<u>20,603,927</u>	<u>4,724,055</u>	<u>5,253,201</u>	<u>30,581,183</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 26,370,285</u>	<u>\$ 4,167,570</u>	<u>\$ 4,465,357</u>	<u>\$ 35,003,212</u>

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

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

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	4,422,029
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.		(588,608)
Transactions related to current year capital outlays and long-term debt principal payments, accretion on capital appreciation bonds, changes in compensated absences, and interest payable are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting as follows:		6,979,343
<ul style="list-style-type: none"> <li>● Acquisition of Capital Assets of \$900,567</li> <li>● Principal Payments on Bonds Payable of \$6,805,000</li> <li>● Accretion on Capital Appreciation Bonds of (\$728,282)</li> <li>● Amortization of Loss on refunded debt was (\$584,819)</li> <li>● Amortization on Bond Premiums of \$849,275</li> <li>● Change in Interest Payable of (\$104,878)</li> <li>● Change in Compensated Absences of (\$157,520)</li> </ul>		
The net effect is to increase net position.		
		(9,578,765)
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.		
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and adjusting current year revenue to show the revenue earned from the current year's tax levy. The net effect of these reclassifications and recognitions is to increase net position.		250,089
		(742,644)
Current year changes due to GASB 68 increased revenues in the amount of (\$5,502,328) and increased expenditures in the amount of \$4,759,594. The net effect to ending net position was a (decrease).		
Various adjustments necessary in the current year related to the implementation of GASB 75 were as follows:		12,276,693
<ul style="list-style-type: none"> <li>● Contributions made after the measurement date of August 31, 2017 were expended and recorded as deferred outflows of resources in the amount of \$477,293.</li> <li>● Adjustments to contributions made by TRS in the amount of (\$447).</li> <li>● The District recognized its proportionate share of the net OPEB expense of \$11,782,935 and the State's supplemental on-behalf contribution of \$12,590; and amounts recognized from other sources of \$4,322.</li> </ul>		
The net effect is an increase to the change in net position.		
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>13,018,137</b>

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

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## **Proprietary Funds Financial Statements**



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2018

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 19,192
Due from Other Funds	4,255,946
Total Assets	4,275,138
LIABILITIES	
Current Liabilities:	
Accounts Payable	19,254
Due to Other Funds	84,688
Accrued Expenses	503,035
Total Liabilities	606,977
NET POSITION	
Unrestricted Net Position	3,668,161
Total Net Position	\$ 3,668,161

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 42,774
Total Operating Revenues	<u>42,774</u>
OPERATING EXPENSES:	
Payroll Costs	131,643
Professional and Contracted Services	229,146
Supplies and Materials	12,243
Other Operating Costs	258,350
Total Operating Expenses	<u>631,382</u>
Operating Income (Loss)	(588,608)
Total Net Position - September 1 (Beginning)	<u>4,256,769</u>
 Total Net Position - August 31 (Ending)	 <u><u>\$ 3,668,161</u></u>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 42,774
Cash Payments to Employees for Services	(133,696)
Cash Payments for Suppliers	(14,537)
Cash Payments for Other Operating Expenses	121,624
Net Cash Provided by Operating Activities	<u>16,165</u>
Net Increase in Cash and Cash Equivalents	16,165
Cash and Cash Equivalents at Beginning of Year	<u>3,027</u>
Cash and Cash Equivalents at End of Year	<u>\$ 19,192</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ (588,608)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Due from Other Funds	(151)
Increase (decrease) in Accounts Payable	19,254
Increase (decrease) in Accrued Expenses	500,982
Increase (decrease) in Due to Other Funds	84,688
Net Cash Provided by Operating Activities	<u>\$ 16,165</u>

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

## **Fiduciary Funds Financial Statements**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2018

EXHIBIT E-1

	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 29,600	\$ 248,452
Total Assets	<u>29,600</u>	<u>\$ 248,452</u>
<b>LIABILITIES</b>		
Accounts Payable	-	\$ 5,979
Due to Other Funds	-	2,040
Due to Student Groups	-	240,433
Payable from Restricted Assets	<u>29,600</u>	<u>-</u>
Total Liabilities	<u>29,600</u>	<u>\$ 248,452</u>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The South San Antonio Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District serves over 8,000 students in 9 elementary schools, 3 middle schools, and 1 high school.

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

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

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. statement of net position and the statement of activities) displays the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities. All interfund transactions between governmental funds and internal service funds are eliminated in the government-wide statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function; and therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Charges for services consist of charges to customers or applicants that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Operating grants and contributions include amounts paid by organizations outside the District that are restricted to meeting the operational requirements of a particular program. Property taxes, State aid-formula grants, and other items not included in program revenues are presented as general revenues. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds; fiduciary funds are excluded

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

School districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

The District reports the following major governmental funds:

**General Fund:** This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. It is a budgeted fund, and fund balances are considered resources available for current operations. General Fund primary revenue sources include property taxes and state foundation funds.

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

In addition, the District reports the following fund types:

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

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements. Included in the Fiduciary Fund type is the Private Purpose Trust fund used, to account for assets acquired for purposes of awarding scholarships to qualified students pursuing attendance at institutions of higher education.

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

3. Measurement Focus Basis of Accounting and Financial Statement Presentation

The government-wide and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The Fiduciary Funds utilize the accrual basis of accounting and the economic resources measurement focus; however, agency funds do not have a measurement focus as they report only assets and liabilities. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized on the accrual basis in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. For this purpose, the District considers all revenues to be available if the revenues are collected within sixty (60) days after year-end. Expenditures generally are recorded when the related fund liability is incurred, if measurable, except for debt service expenditures, claims and judgments, and compensated absences, which are recognized as expenditures only when payment is due. Property tax revenue and revenues received from the State are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. General capital asset acquisitions are reported as expenditures in governmental funds.

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



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1, on the basis of assessed value as of January 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due and receivable within the current period, and those expected to be collected during a 60-day period after the close of the school fiscal year.

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

b. Inventories and Prepaid Items

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

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

c. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, and construction in progress are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building Improvements	15-30
Furniture & Equipment	3-7

d. Indirect Expenses

School Districts are required to report all expenses by function. All general administration and other intergovernmental expenditures reported in functions 41 and 99, respectively; and, some data processing service expenditures reported in function 53 represent indirect expenses of other functions.

e. Compensated Absences

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

f. Use of Estimates

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

g. Data Control Codes

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

h. Fund Balance

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

Nonspendable – amounts not available for appropriation or legally earmarked for a specific use. Examples include inventories and prepaid items. At August 31, 2018 the amount of \$260,307 disclosed as nonspendable fund balance relates to inventory.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

i. Spending Order

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

j. Restricted/Unrestricted Resources

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

K. Pensions

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. GASB Implementation

In fiscal year 2018, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 requires state and local government agencies to report the actuarially determined net other postemployment benefit liability in its financial statements. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The scope of this Statement addresses 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.

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget Data

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

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

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

3) Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

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

The original budget was approved by the Board on August 23, 2017. The budget may be amended by management without Board approval within a major functional expenditure category and can be amended at the function and fund level only by approval of a majority of the members of the Board. Amendments at the function and fund level are presented to the Board at its regular meetings. Such amendments are required to be made before the fact, are reflected in the official minutes of the Board and are made before the fiscal year end as required by law.

The budget amounts included in this report reflect various amendments made by management or adopted by the Board throughout the year through the final amended budget, which was approved by the Board on August 22, 2018.

B. Maintenance of Effort Refunds to TEA

In 2017 the District was advised that in 2015-2016 the District did not meet the Special Education Maintenance of Effort (MOE) requirement and a payment of \$534,074 was paid to cover the deficiency. In addition, in the prior year the District recorded a potential additional liability of \$627,850 due to an error noted in its MOE calculations for fiscal years 2014 to 2016. In the current year the District modified the estimated liability and issued payment of \$212,053 resulting in a reduction to expenditures of \$413,899 as reported in function 99 Other Intergovernmental Charges.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and cash equivalents of \$42,673,737 are comprised of the following:

	Governmental Funds					
	Major Funds		Other Funds	Total	Proprietary Funds	Grand Total
	General Fund	Debt Service Fund				
Cash and Cash Equivalents:						
Demand Accounts	\$ (571,039)	\$ 500	\$ 3,488,182	\$ 2,917,643	\$ 19,192	\$ 2,936,835
Cash on Hand	4,000	-	1,235	5,235	-	5,235
Investment Pools	34,570,739	4,594,085	566,843	39,731,667	-	39,731,667
Total	\$ 34,003,700	\$ 4,594,585	\$ 4,056,260	\$ 42,654,545	\$ 19,192	\$ 42,673,737

Deposits

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

The following is disclosed:

- a. Name of Contracted Depository Bank: Wells Fargo
- b. The highest combined balances of cash, savings, and time deposit accounts at the Wells Fargo Bank amounted to \$33,886,658 and occurred during January 2018.
- c. Total amount of FDIC coverage at the time of largest combined balance was \$393,769.
- d. The amount of securities pledged as of the date of the highest combined balance on deposit was \$37,435,585.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

At August 31, 2018, the carrying amount of the District's deposits was \$2,936,835 and the bank balance was \$3,788,207. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The fiduciary funds report the following balances as of August 31, 2018:

	Fiduciary Funds		
	Fiduciary Funds Agency Funds	Agency Funds	
	Private Purpose Trust	Student Activity Funds	Total
Cash and Cash Equivalents:			
Demand Accounts	\$ 29,600	\$ 248,452	\$ 278,052
Total	\$ 29,600	\$ 248,452	\$ 278,052

Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. The policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

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

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

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



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

The Texas Term Local Government Investment Pool (TexasTERM) is a local government investment pool organized under the authority of the interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexasTERM is administered by PFM Asset Management LLC which also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares. Investment options include Texas DAILY, a money market portfolio, is rated "AAAF" by Standard & Poor's, and TexasTERM CD Purchase Program, a fixed rate, fixed-term investment option enabling investors to invest in FDIC insured CD's from banks throughout the United States.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with its policy, one of the ways the District manages its exposure to interest rate risk is by investing in investment pools which have no stated maturity date; therefore, the funds are available to meet operational needs. Information about the District's investments is provided by the table below that shows the specific investments and their maturity as of August 31, 2018.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the District's investment policy and the Act and the actual rating as of August 31, 2018 for each investment.

As of August 31, 2018, the District had the following investments:

Investment	Fair Value	Weighted Average Maturity (Days)	** Standard & Poors Rating
Texpool	\$ 35,808	32	AAAm
The Lone Star Pool	39,418,137	20	AAA
Texas Term	<u>277,722</u>	29	AAAm
Total	<u>\$ 39,731,667</u>		

\*\* – Minimum Legal Rating Requirement is AAA

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

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

The District has adopted GASB 72. As of August 31, 2018; however, in accordance with GASB 72 as amended, the District reports its investments in local government pools at amortized cost.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Due To/From Other Funds and Interfund Transfers

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

	Due From	Due To
General Fund:		
Debt Service Fund	\$ -	\$ (28,536)
Non-Major Fund	2,581,875	(917)
Internal Service Fund	84,688	(4,255,794)
Agency Fund	2,003	-
Total	2,668,566	(4,285,247)
Debt Service Fund:		
General Fund	28,536	-
Total	28,536	-
Non-Major Funds		
General Fund	917	(2,581,875)
Internal Service Fund	-	(115)
Total	917	(2,581,990)
Total Governmental Funds	\$ 2,698,019	\$ (6,867,237)
Internal Service Fund:		
General Fund	\$ 4,255,794	\$ (84,688)
Non-Major Funds	115	-
Agency Fund	37	-
Total	4,255,946	(84,688)
Agency Fund:		
General Fund	-	(2,003)
Internal Service Fund	-	(37)
Total	-	(2,040)
Grand Total	\$ 6,953,965	\$ (6,953,965)

The Due From balance in the General Fund is the result of utilizing a pooled cash account, as funds are expended for the benefit of the Non-Major Special Revenue Funds, the District subsequently submits, a reimbursement from the grantor.

The Due From general fund balance to the internal service fund is a result of establishing the worker's compensation fund for amounts held by the general fund.

The Due From balance in the Debt Service; the non-major funds and the internal service funds are the result of temporary lending between funds

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Receivables from Other Governments

The District participates in a variety of local and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation, per Capita Programs and the Instructional Facilities and Existing Debt Allotment. Amounts due from state, federal and local governments as of August 31, 2018 are summarized below.

	General Fund	Other Non- Major Funds	Total
State Funds	\$ 2,610,100	\$ 2,896,339	\$ 5,506,439
Federal Grants	351,894	369,635	721,529
Other	53,342	-	53,342
	<u>\$ 3,015,336</u>	<u>\$ 3,265,974</u>	<u>\$ 6,281,310</u>

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,796,842	\$ -	\$ -	\$ 2,796,842
Total Capital Assets, Not Being Depreciated	<u>2,796,842</u>	<u>-</u>	<u>-</u>	<u>2,796,842</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	280,160,873	210,273	-	280,371,146
Equipment and Vehicles	16,249,876	690,294	-	16,940,170
Total Capital Assets, Being Depreciated	<u>296,410,749</u>	<u>900,567</u>	<u>-</u>	<u>297,311,316</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(108,921,852)	(8,597,751)	-	(117,519,603)
Equipment and Vehicles	(13,202,841)	(981,014)	-	(14,183,855)
Total Accumulated Depreciation	<u>(122,124,693)</u>	<u>(9,578,765)</u>	<u>-</u>	<u>(131,703,458)</u>
Total Capital Assets, Being Depreciated, Net	<u>174,286,056</u>	<u>(8,678,198)</u>	<u>-</u>	<u>165,607,858</u>
Governmental Activities Capital Assets, Net	<u>\$ 177,082,898</u>	<u>\$ (8,678,198)</u>	<u>\$ -</u>	<u>\$ 168,404,700</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

Function	Amount
Instruction	\$ 6,255,612
Instructional Resources and Media Services	171,226
Curriculum and Instructional Staff Development	21,503
Instructional Leadership	163,630
School Leadership	635,071
Guidance, Counseling and Evaluation Services	328,967
Health Services	117,383
Student (Pupil) Transportation	398,672
Food Services	231,219
Extracurricular Activities	153,210
General Administration	212,270
Plant Maintenance and Operations	757,660
Security and Monitoring Services	55,560
Data Processing Services	72,973
Community Services	3,809
Total Depreciation Expense	<u>\$ 9,578,765</u>

E. Deferred Outflows / Inflows of Resources

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

The District reports Deferred Resource Outflows and Deferred Resource Inflows in the Statement of Net Position as of August 31, 2018 as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Charge for Refunding of Debt	\$ 7,186,558	\$ -
District's Share of Resources related to TRS Pension	6,875,635	(3,054,255)
District's Share of Resources related to TRS OPEB	482,800	(14,718,152)
Reported by the District as of August 31, 2018	<u>\$ 14,544,993</u>	<u>\$ (17,772,407)</u>

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

At August 31, 2018, unavailable revenues reported as deferred inflows of resources in the governmental funds were as follows:

	Major Fund		Total Governmental Funds
	General Fund	Debt Service Fund	
Property Tax Receivable	\$ 1,416,840	\$ 550,994	\$ 1,967,834
Allowance for Uncollectible Taxes	(141,684)	(55,099)	(196,783)
Sixty Day Tax Accrual	24,575	9,557	34,132
Deferred Inflows of Resources related to Property Taxes	\$ 1,299,731	\$ 505,452	\$ 1,805,183

The unavailable revenue of \$1,805,183 relates to uncollected property taxes, which are not susceptible to accrual based on the modified accrual basis of accounting

F. Due to Other Governments

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

Amounts due to state and local governments as of August 31, 2018 are summarized below:

	General Fund	Debt Service Fund	Other Non-Major Funds	Total
State	\$ 4,085,379	\$ 445,994	\$ 652	\$ 4,532,025
Federal	-	-	826	826
Other	4,286	-	-	4,286
	\$ 4,089,665	\$ 445,994	\$ 1,478	\$ 4,537,137

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Obligations

1. Long-Term Obligation Activity

Description	Original Issue Amount	Final Maturity	Interest Rate Payable	Amount Outstanding 09/01/17	Issued	Retired	Amount Outstanding 08/31/18
Unlimited Tax School							
Building Bonds:							
Series 2005	\$ 40,500,000	2022	3.25 - 5%	\$ 7,510,000	\$ -	\$ -	\$ 7,510,000
Series 2010- BA	26,095,000	2027	4.607-5.29%	26,095,000	-	-	26,095,000
Unlimited Tax Qualified School Construction Bonds							
Series 2010	9,785,000	2027	5.19%	9,785,000	-	-	9,785,000
Unlimited Tax School Refunding Bonds:							
Series 2010	23,475,000	2029	4 - 5%	15,745,000	-	(3,200,000)	12,545,000
Series 2011	8,680,000	2028	3-3.6%	8,450,000	-	(130,000)	8,320,000
Series 2012	8,390,000	2032	3-3.5%	8,390,000	-	-	8,390,000
Series 2012A	24,815,000	2029	3 -4.25%	19,155,000	-	(1,310,000)	17,845,000
Series 2012B	4,245,000	2017	4.25%	2,165,000	-	(2,165,000)	-
Series 2013	18,465,000	2035	2 -5%	18,465,000	-	-	18,465,000
Series 2014	25,835,000	2034	4.-5%	25,380,000	-	-	25,380,000
Total Bonds Issued				141,140,000	-	(6,805,000)	134,335,000
Capital Appreciation Bonds:							
Series 2010	22,116,909	2035	3.25 – 5.02%	22,116,909	-	-	22,116,909
Series 2014	455,000	2022	N/A	130,000	-	-	130,000
Series 2011	4,990	2023	N/A	4,990	-	-	4,990
Total Capital Appreciation Bonds				22,251,899	-	-	22,251,899
Grand Total				\$ 163,391,899	\$ -	\$ (6,805,000)	\$ 156,586,899

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

2. Debt Service Requirements

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

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 6,555,869	\$ 6,690,756	\$ 13,246,625
2020	6,711,187	6,592,051	13,303,238
2021	6,881,515	6,490,948	13,372,463
2022	6,053,475	7,465,537	13,519,012
2023	5,995,144	7,592,269	13,587,413
2024-2028	44,743,712	23,869,897	68,613,609
2029-2033	38,652,010	30,651,893	69,303,903
2034-2038	40,993,987	12,172,307	53,166,294
Total Payments	\$ 156,586,899	\$ 101,525,658	\$ 258,112,557

3. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds Payable	\$ 163,391,899	\$ -	\$ (6,805,000)	\$ 156,586,899	\$ 6,555,869
Net Issuance Premiums (Discounts)	11,821,689	-	(849,275)	10,972,414	-
Accreted Interest	8,921,920	728,282	-	9,650,202	-
Compensated Absences	1,108,900	172,297	(14,777)	1,266,420	-
Net Pension Liability	22,474,786	-	(2,507,338)	19,967,448	-
Net OPEB Liability	62,118,183	-	(26,932,706)	35,185,477	-
Total Governmental Activities	\$ 269,837,377	\$ 900,579	\$ (37,109,096)	\$ 233,628,860	\$ 6,555,869

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

Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Interest expense was \$6,340,106 for the year ended August 31, 2018.

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



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments of \$702,689 as of August 31, 2018.

I. Revenues from Local and Intermediate Sources

Revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Other Funds	Total Governmental Funds	Internal Service Fund
Property Taxes	\$ 16,606,802	\$ 6,578,540	\$ -	\$ 23,185,342	\$ -
Penalties and Interest	213,685	78,731	-	292,416	-
Tuition and Fees	1,178	-	-	1,178	-
Investment Income	448,353	100,301	12,035	560,689	-
Food Sales	-	-	308,644	308,644	-
Athletic Activities	116,232	-	-	116,232	-
Rent	91,861	-	-	91,861	-
Gifts and Bequests	24	-	840	864	-
Other Revenue	265,668	-	392,219	657,887	42,774
Total Governmental Activities	<u>\$ 17,743,803</u>	<u>\$ 6,757,572</u>	<u>\$ 713,738</u>	<u>\$ 25,215,113</u>	<u>\$ 42,774</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

J. Revenues from Federal Sources

For the year ended August 31, 2018, revenues from federal programs included in the General Fund consisted of the following:

Program or Source	CFDA Number	Amount
Junior ROTC Program	12, Unknown	61,238
School Health & Related Services Program	N/A	1,064,557
Medicaid Administrative Claiming Program	93.778	17,529
E-Rate Program	N/A	353,337
Tax Bond Subsidy	N/A	960,786
Summer School LEP	84.369	9,409
Indirect Costs		
Head Start	93.600	12,422
Title I, Part A	84.010	73,901
Title I, Part C Migrant	84.011	1,388
ESEA II, A Training & Recruiting	84.367	7,025
Title III, A English Language Acquisition	84.365	2,714
SSA IDEA Part B Discretionary	84.027	1,145
Total		<u>\$ 2,565,451</u>

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

K. Pension Plan

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

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

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

**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 [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2017.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2017.pdf); by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2017 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2017.

Net Pension Liability	Total
Total Pension Liability	\$ 179,336,534,819
Less: Plan Fiduciary Net Position	(147,361,922,120)
Net Pension Liability	\$ 31,974,612,699
Net Position as a percentage of Total Pension Liability	82.17%

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

**Contributions.** Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to TRS members during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS’ 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.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2017 and 2018.

	Contribution Rates & Amounts	
	2018	2017
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE) (State)	6.8%	6.8%
Employer	6.8%	6.8%
Member/Employee Contributions (1)	\$ 4,553,582	\$ 4,775,878
NECE On-Behalf Contributions (2)	\$ 2,684,098	\$ 3,045,323
Employer/District Contributions (2)	\$ 2,077,722	\$ 1,977,312

(1) Amounts obtained from District's records.

(2) 2017 amounts provided by TRS; 2018 amounts obtained from District's records.

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

As the NECE for public education, the State of Texas contributes to the 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 of all of an employee's salary is paid by federal funding sources, or a privately sponsored source.

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases Including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the Year	None
Ad hoc Post-Employment Benefit Changes	None

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

**Discount Rate.** The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

Asset Class	Target Allocation*	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return**
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	-	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	-	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation	-	-	2.2%
Alpha	-	-	1.0%
<b>Total</b>	100%	-	8.7%

\* Target allocations are based on the FY 2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY 2017, but the reallocation does not affect the long-term expected geometric real rate of return or expected contribution to long-term portfolio returns.

\*\* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability.

	1 % Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$ 33,661,171	\$ 19,967,448	\$ 8,565,200

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At August 31, 2018, the District reported a liability of \$19,967,448 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	\$ 19,967,448
State's proportionate share that is associated with the District	<u>29,289,547</u>
Total	<u>\$ 49,256,995</u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was .0624478167% which was an increase of .0029726381% from its proportion measured as of August 31, 2016.

**Changes Since the Prior Actuarial Valuation** – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period. Refer to page 63 for the notes to the Schedule of the District's Proportionate Share of the Net Pension Liability (Exhibit G-6) for a list of significant actuarial assumptions and other inputs that affected the measurement of the total 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 August 31, 2018, the District recognized pension expense of \$2,370,358; and, \$2,684,098 of revenues and expenses for support provided by the State.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amount
Differences between expected and actual economic experience	\$ 292,133	\$ (1,076,818)	\$ (784,685)
Changes in actuarial assumptions	909,549	(520,696)	388,853
Differences between projected and actual investment earnings	-	(1,455,184)	(1,455,184)
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,596,231	(1,557)	3,594,674
Total as of August 31, 2017 measurement date	<u>\$ 4,797,913</u>	<u>\$ (3,054,255)</u>	<u>\$ 1,743,658</u>

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

Year Ending August 31,	Pension Expense Amount
2018	\$ 162,696
2019	1,437,271
2020	64,769
2021	(287,621)
2022	270,638
Thereafter	95,905
Total	<u>\$ 1,743,658</u>

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Totals as of the August 31, 2017 measurement date	\$ 4,797,913	\$ (3,054,255)
Contributions paid to TRS subsequent to the measurement date	2,077,722	-
Total as Reported at August 31, 2018	<u>\$ 6,875,635</u>	<u>\$ (3,054,255)</u>



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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

L. Other Post-Employment Benefits

**Plan Description.** The District participates in the Texas Public School Retirement 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 [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2017.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2017.pdf); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)542-6592.

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

Net Pension Liability	Total
Total OPEB Liability	\$ 43,885,784,621
Less: Plan Fiduciary Net Position	(399,535,986)
Net OPEB Liability	\$ 43,486,248,635
Net Position as a percentage of Total OPEB Liability	0.91%

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basis 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 charges; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

IV. DETAILED NOTES ON ALL FUNDS (Continued)

<b>TRS-Care Plan Premium Rates</b>			
Effective September 1, 2016 – December 31, 2017			
	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ 0	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

\* or surviving spouse

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.0% of the aggregate annual compensation paid to members during the fiscal year. Section 1575.203 establishes the active member’s rate which is 0.65% of the member’s annual compensation. Section 1575.204 establishes an employer contribution rate of not less than 0.25% and not more than 0.75% of the annual compensation of each active member. The actual employer contribution rate is prescribed by the Texas Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type on contributor.

	Contribution Rates & Amounts	
	2018	2017
Member	0.65%	0.65%
Non-Employer Contributing Entity (NECE) (State)	1.25%	1.00%
Employers	0.75%	0.55%
Federal/Private Funding remitted by Employers	1.25%	1.00%
Employer Contributions (2)	\$ 477,293	\$ 420,661
Member Contributions (1)	\$ 443,602	\$ 389,670
NECE On-Behalf Contributions (2)	\$ 659,196	\$ 568,597

(1) Amounts obtained from District’s records.

(2) 2017 amounts provided by TRS; 2018 amounts obtained from District’s records.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$212 million in fiscal year 2018.

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

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

*Additional Actuarial Methods and Assumptions:*

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate	3.42%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases*	3.50% to 9.50%
Healthcare Trend Rates	4.50% to 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit charges	None
Long-Term Expected Investment Rate of Return	8.00%

\* included inflation of 2.5%

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 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. The target allocation and best estimates of geometric real rates of return for each major asset class are based on the TRS policy model.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

*Other Information:*

There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.89% as of the August 31, 2016 to 3.42% as of August 31, 2017.

**Discount Rate.** A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

	1 % Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District’s proportionate share of the net OPEB liability:	\$ 41,527,598	\$ 35,185,477	\$ 30,087,842

**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 higher than the assumed healthcare cost trend rate:

Sensitivity of the Net OPEB 1% Decrease	Liability of the Healthcare Cost Current Healthcare Cost Trend Rate	Trend Rate Assumptions 1% Increase
\$ 29,295,425	\$ 35,185,477	\$ 42,913,968

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.*** At August 31, 2018, the District reported a liability of \$ for its proportionate share for 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 the 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	\$ 35,185,477
State's proportionate share that is associated with the District	<u>47,559,318</u>
Total	<u>\$ 82,744,795</u>

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of the 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, 2016 thru August 31, 2017.

At August 31, 2017 the District's proportion of the collective Net OPEB Liability was .0809117323%. Since this is the first year of implementation, the District's proportion measured as of August 31, 2016 was not computed.

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

Refer to the notes to the Schedule of the District's Proportionate Share of the Net OPEB Liability (Exhibit G-8) at page 65 for a list of significant actuarial assumptions and other inputs that affected the measurement of the total OPEB liability during the measurement period.

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

For the year ended August 31, 2018, the District recognized a net decrease in OPEB expense of \$(28,540,419). The District also recorded a net decrease in revenue and expense of \$(15,914,612) for on-behalf support provided by the State.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amount
Differences between expected and actual economic experience	\$ -	\$ (734,524)	\$ (734,524)
Changes in actuarial assumptions	-	(13,983,628)	(13,983,628)
Differences between projected and actual investment earnings	5,345	-	5,345
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	162	-	162
Total as of August 31, 2017 measurement date	<u>\$ 5,507</u>	<u>\$ (14,718,152)</u>	<u>\$ (14,712,645)</u>

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

Year Ending August 31,	Pension Expense Amount
2018	\$ (1,941,350)
2019	(1,941,350)
2020	(1,941,350)
2021	(1,941,350)
2022	(1,942,686)
Thereafter	(5,004,559)
Total	<u>\$ (14,712,645)</u>

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Totals as of the August 31, 2017 measurement date	\$ 5,507	\$ (14,718,152)
Contributions paid to TRS subsequent to the measurement date	477,293	-
Total as Reported at August 31, 2018	<u>\$ 482,800</u>	<u>\$ (14,718,152)</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

M. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2018, 2017, and 2016, the subsidy payments received by TRS-Care on behalf of the District were \$194,067, \$185,082, and \$233,776, respectively.

N. Employee Health Care Coverage

During the year ended August 31, 2017, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of \$339 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third-party administrator is renewable November 1, 2017, and terms of coverage and premium costs are included in the contractual provisions.

O. Commitments and Contingencies

1. Contingencies

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

2. Litigation

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

P. Shared Services Arrangement – Fiscal Agent

The District is the fiscal agent for a shared services arrangement (SSA) which provides services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Revenues of the SSA are summarized below:

Member Districts	Revenues
Natalia ISD	\$ 3,620
Total	\$ 3,620

Q. Risk Management

1. Auto, Liability, and Property Programs

During the year ended August 31, 2018, the District participated in the TASB Risk Management Fund (the "Fund") programs: Auto Liability, Auto Physical Damage, Legal Liability, Privacy & Information Security, and Property.

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

The Fund purchases stop loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property Programs. The terms and limits of the stop loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2018, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contributions.

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



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

2. Unemployment Compensation Pool

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

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

For the year ended August 31, 2018, the Fund anticipates the District has no additional liability beyond the contractual obligation for payment of contributions.

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

The District reports risk management activities in the general fund.

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

R. Worker's Compensation

During the year the District established an internal service fund to account for the workers compensation self-insurance fund. During fiscal year 2018, a total of \$502,421 was incurred in benefits and operating costs. An excess coverage insurance policy covers individual claims in excess of \$400,000 up to a maximum limit of \$1,000,000 for any one event.

The District holds aggregate excess insurance as follows:  
Estimated Manual Premium: \$273,550  
Minimum Loss Fund for the Liability Period: \$1,215,930

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

Claims payable reported in the amount of \$503,035 was actuarially determined based on the requirements of GASB Statement No. 10 as amended by GASB Statement No. 30 which requires that a liability for claims be reported if information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. The liability includes provisions for the following:

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

In prior years, the District accounted for the self-insurance program in the general fund.

The estimated liability includes an estimate of claims that have been incurred but not reported. At year end, the amount of the liability for the self-insurance program is \$503,035.

Fiscal Year	Beginning of Year Liability	Current Year Claims	Claims Payments and Changes in Estimates	End of Year Liability
2016-2017	\$ 738,927	\$ 241,210	\$ 435,290	\$ 544,847
2017-2018	\$ 544,847	\$ 316,105	\$ 357,917	\$ 503,035

S. Deficit Unrestricted Net Position/Deficit Fund Balances

The deficit unrestricted net position of \$26,386,437 in the governmental activities resulted from the implementation of GASB Statement No. 75.

The YWCA Grant Fund reports a deficit fund balance of \$2,995; similarly the Print Shop internal service fund reports a deficit unrestricted net position of \$85,212. The deficits will be eliminated as resources are obtained (e.g. transfers in from other funds).

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

T. Negative Operating Grants and Contributions – Statement of Activities

On-behalf expense activity of the State must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75. During the year under audit, the State expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities.

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

Function	Operating Grants and Contributions (Excluding On-Behalf Accruals	Negative On-Behalf Accruals	Operating Grants and Contributions
11 Instruction	\$ 7,157,502	\$ (9,793,764)	\$ (2,636,262)
12 Instructional Resources and Media Services	32,949	(234,259)	(201,310)
13 Curriculum and Instructional Staff Development	2,047,661	(74,006)	1,973,655
21 Instructional Leadership	1,485,957	(379,387)	1,106,570
23 School Leadership	272,995	(1,094,059)	(821,064)
31 Guidance, Counseling and Evaluation Services	260,846	(580,065)	(319,219)
32 Social Work Services	87,080	(103,012)	(15,932)
33 Health Services	1,128,750	(330,436)	798,314
34 Student (Pupil) Transportation	207,896	(413,363)	(205,467)
35 Food Services	6,019,244	-	6,019,244
36 Extracurricular Activities	37,891	(269,398)	(231,507)
41 General Administration	255,279	(577,504)	(322,225)
51 Facilities Maintenance and Operations	830,261	(1,430,485)	(600,224)
52 Security and Monitoring Services	51,077	(363,142)	(312,065)
53 Data Processing Services	383,491	(214,392)	169,099
61 Community Services	376,050	(57,340)	318,710
72 Interest on Long-Term Debt	960,785	-	960,785
Totals	<u>\$ 21,595,714</u>	<u>\$ (15,914,612)</u>	<u>\$ 5,681,102</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

U. PRIOR PERIOD ADJUSTMENTS/RESTATED FUND BALANCE OR NET POSITION

The beginning fund balance/net assets were restated as follows: 1) to reclass the child nutrition fund out of the general fund and record as a special revenue fund in the current year, 2) to reclass the workers compensation self-insurance fund out of the general fund and record as an internal service fund, 3) recognize the implementation of GASB 75.

Fund Level	General Fund	Other Fund	Internal Service Fund
Beginning Net Position/Fund Balance	\$ 27,698,301	\$ 2,414,622	\$ 974
Record Child Nutrition Fund as a Special Revenue Fund	(2,838,579)	2,838,579	-
Record Workers Compensation Fund as an Internal Service Fund	(4,255,795)	-	4,255,795
Net Prior Period Adjustments	<u>\$ (7,094,374)</u>	<u>\$ 2,838,579</u>	<u>\$ 4,255,795</u>
Restated Fund Balance	<u>\$ 20,603,927</u>	<u>\$ 5,253,201</u>	<u>\$ 4,256,769</u>

Government-Wide	Governmental Activities
Beginning Net Position	\$ 20,438,644
Recognize effect of GASB 75 Implementation (OPEB)	(61,697,522)
Restated Beginning Net Position	<u>\$ (41,258,878)</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 16,897,437	\$ 16,897,437	\$ 17,743,803	\$ 846,366
5800	State Program Revenues	57,334,831	57,334,831	57,110,472	(224,359)
5900	Federal Program Revenues	1,997,764	1,997,764	2,565,451	567,687
5020	Total Revenues	76,230,032	76,230,032	77,419,726	1,189,694
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	43,154,764	43,515,478	41,126,305	2,389,173
0012	Instructional Resources and Media Services	977,643	1,227,643	942,608	285,035
0013	Curriculum and Instructional Staff Development	608,343	706,320	444,474	261,846
0021	Instructional Leadership	1,615,864	1,708,112	1,489,391	218,721
0023	School Leadership	4,619,801	5,029,449	4,703,607	325,842
0031	Guidance, Counseling and Evaluation Services	2,617,199	2,832,482	2,651,802	180,680
0032	Social Work Services	315,426	515,426	325,457	189,969
0033	Health Services	1,467,081	1,567,081	1,272,248	294,833
0034	Student (Pupil) Transportation	1,741,126	2,239,340	1,836,876	402,464
0035	Food Services	-	75,000	-	75,000
0036	Extracurricular Activities	2,165,018	2,282,148	1,911,892	370,256
0041	General Administration	3,219,846	3,246,677	2,999,908	246,769
0051	Facilities Maintenance and Operations	8,868,573	9,302,310	9,000,049	302,261
0052	Security and Monitoring Services	1,442,596	1,542,596	1,300,051	242,545
0053	Data Processing Services	2,284,071	1,904,334	1,631,245	273,089
0061	Community Services	78,221	138,221	102,110	36,111
Capital Outlay:					
0081	Facilities Acquisition and Construction	898,400	729,400	210,273	519,127
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	20,309	70,309	-	70,309
0099	Other Intergovernmental Charges	112,920	262,920	(294,928)	557,848
6030	Total Expenditures	76,207,201	78,895,246	71,653,368	7,241,878
1200	Net Change in Fund Balances	22,831	(2,665,214)	5,766,358	8,431,572
0100	Fund Balance - September 1 (Beginning)	20,603,927	20,603,927	20,603,927	-
3000	Fund Balance - August 31 (Ending)	\$ 20,626,758	\$ 17,938,713	\$ 26,370,285	\$ 8,431,572

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.062447817%	0.059475179%	0.0581993%	0.0449481%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 19,967,448	\$ 22,474,786	\$ 20,572,678	\$ 12,006,259
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	29,289,547	36,147,509	34,992,059	30,308,470
Total	<u>\$ 49,256,995</u>	<u>\$ 58,622,295</u>	<u>\$ 55,564,737</u>	<u>\$ 42,314,729</u>
District's Covered Payroll	\$ 59,140,280	\$ 60,094,300	\$ 56,912,759	\$ 57,694,241
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	33.76%	37.39%	36.14%	20.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

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, 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 four 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."

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 2,077,722	\$ 1,977,312	\$ 1,889,677	\$ 1,817,619
Contribution in Relation to the Contractually Required Contribution	2,077,722	1,977,312	1,889,677	1,817,619
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 59,240,180	\$ 62,046,102	\$ 60,094,300	\$ 56,912,759
Contributions as a Percentage of Covered Payroll	3.50%	3.19%	3.14%	3.19%

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

Note: In accordance with GASB 68, Paragraph 138, only four 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."

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.080911732%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 35,185,477
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) Associated with the District	47,559,318
Total	\$ 82,744,795
District's Covered Payroll	\$ 59,140,280
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	59.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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 2018 are based on the August 31, 2017 measurement date.

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

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF VJ G'DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2018

	2018
Contractually Required Contribution	\$ 477,293
Contribution in Relation to the Contractually Required Contribution	477,293
Contribution Deficiency (Excess)	\$ -0-
District's Covered Payroll	\$ 59,140,280
Contributions as a Percentage of Covered Payroll	0.81%

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended August 31, 2018

Following are notes to Exhibit G-6 at page 63:

*Changes of Benefit Terms*

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

*Changes of Assumptions*

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

*Significant Assumptions*

The following are significant actuarial assumptions and other inputs that affected the measurement of the total pension liability.

*Economic Assumptions*

1. The inflation assumption remained at 2.50%.
2. The ultimate merit assumption for long-service employees remained at 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption remained at 2.50%.

*Mortality Assumptions*

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

*Actuarial Methods and Policies*

7. The method of using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source, remains the same.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended August 31, 2018

Following are notes to Exhibit G-8 at page 65:

*Changes of Benefit Terms*

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

*Changes of Assumptions*

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

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

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:

1. 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
2. Premium data submitted was not adjusted for permissible exclusion to the Cadillac Tax.
3. There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

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

## **COMBINING STATEMENTS**

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## **Nonmajor Governmental Funds**



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2018

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula
<b>ASSETS</b>				
1110	\$ -	\$ -	\$ -	\$ -
1240	642,733	1,228,526	25,472	401,999
1260	-	677	-	240
1290	-	-	-	-
1300	-	-	-	-
1000	<u>\$ 642,733</u>	<u>\$ 1,229,203</u>	<u>\$ 25,472</u>	<u>\$ 402,239</u>
<b>LIABILITIES</b>				
2110	\$ 391	\$ 106,700	\$ -	\$ -
2160	70,455	40,484	-	88,976
2170	571,062	1,082,019	25,472	313,263
2180	825	-	-	-
2300	-	-	-	-
2000	<u>642,733</u>	<u>1,229,203</u>	<u>25,472</u>	<u>402,239</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410	-	-	-	-
Restricted Fund Balance:				
3450	-	-	-	-
3470	-	-	-	-
3490	-	-	-	-
3600	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 642,733</u>	<u>\$ 1,229,203</u>	<u>\$ 25,472</u>	<u>\$ 402,239</u>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention
\$ -	\$ 2,227,788	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9
15,456	382,672	19,313	93,895	28,864	338,907	30,982	-
-	-	-	-	-	-	-	-
-	10	-	-	-	-	-	-
-	260,307	-	-	-	-	-	-
<u>\$ 15,456</u>	<u>\$ 2,870,777</u>	<u>\$ 19,313</u>	<u>\$ 93,895</u>	<u>\$ 28,864</u>	<u>\$ 338,907</u>	<u>\$ 30,982</u>	<u>\$ 9</u>
\$ -	\$ 106,511	\$ -	\$ 385	\$ 54	\$ 1,975	\$ -	\$ -
1,959	-	547	-	-	-	1,643	-
13,497	62,116	18,766	93,510	28,810	336,932	29,339	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>15,456</u>	<u>168,627</u>	<u>19,313</u>	<u>93,895</u>	<u>28,864</u>	<u>338,907</u>	<u>30,982</u>	<u>-</u>
-	260,307	-	-	-	-	-	-
-	2,441,843	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	9
-	-	-	-	-	-	-	-
<u>-</u>	<u>2,702,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>
<u>\$ 15,456</u>	<u>\$ 2,870,777</u>	<u>\$ 19,313</u>	<u>\$ 93,895</u>	<u>\$ 28,864</u>	<u>\$ 338,907</u>	<u>\$ 30,982</u>	<u>\$ 9</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2018

Data Control Codes	385 Visually Impaired SSVI	393 Texas Successful Schools Prog	394 Life Skills Program	410 State Textbook Fund	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ 472	\$ 20,307	\$ 398,694
1240	Due from Other Governments	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 472</u>	<u>\$ 20,307</u>	<u>\$ 398,694</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	310	-
2300	Unearned Revenue	-	-	-	43,459
2000	<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>310</u>	<u>43,459</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	472	19,997	355,235
3600	Unassigned Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>472</u>	<u>19,997</u>	<u>355,235</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ -</u>	<u>\$ 472</u>	<u>\$ 20,307</u>	<u>\$ 398,694</u>

427 State Funded Spec Revenue Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	480 Five Palms Citicorp Grant	481 FFA Donation Air Waste	482 SSAISD Education Foundation	483 YWCA 16-17 Grant
\$ -	\$ 23,069	\$ 260,224	\$ 263,391	\$ 3,991	\$ 387	\$ 12,551	\$ -
-	-	57,155	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 23,069</u>	<u>\$ 317,379</u>	<u>\$ 263,391</u>	<u>\$ 3,991</u>	<u>\$ 387</u>	<u>\$ 12,551</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 8,135	\$ -	\$ -	\$ -	\$ -
-	-	52,934	-	-	-	-	-
-	184	1,320	2,900	-	-	-	2,800
-	77	-	-	1	-	-	195
-	-	-	-	-	-	-	-
-	<u>261</u>	<u>54,254</u>	<u>11,035</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>2,995</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	22,808	263,125	252,356	3,990	387	12,551	-
-	-	-	-	-	-	-	(2,995)
-	<u>22,808</u>	<u>263,125</u>	<u>252,356</u>	<u>3,990</u>	<u>387</u>	<u>12,551</u>	<u>(2,995)</u>
<u>\$ -</u>	<u>\$ 23,069</u>	<u>\$ 317,379</u>	<u>\$ 263,391</u>	<u>\$ 3,991</u>	<u>\$ 387</u>	<u>\$ 12,551</u>	<u>\$ -</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2018

Data Control Codes	484 Madla Lowes Grant	485 CATE Boeing Grant	487 S.A. Sports Foundation	489 Lowes Kindred Grant	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 11,728	\$ 1	\$ 85,393	\$ 28
1240	Due from Other Governments	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 11,728</u>	<u>\$ 1</u>	<u>\$ 85,393</u>	<u>\$ 28</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	70	-
2300	Unearned Revenue	-	-	-	-
2000	<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>70</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	11,728	1	85,323	28
3600	Unassigned Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>11,728</u>	<u>1</u>	<u>85,323</u>	<u>28</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 11,728</u>	<u>\$ 1</u>	<u>\$ 85,393</u>	<u>\$ 28</u>

490 Target Kindred Grant	492 Dwight Grant	494 Palo Alto Grant	495 Athens Grant	496 Five Palms Robotics Grant	497 George Bush Foundation	498 Walmart Ready Supply Grant	499 Other Local Special Revenue Funds
\$ 700	\$ 4,131	\$ 79	\$ 10	\$ 3,134	\$ 92	\$ 57	\$ 10,035
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 700</u>	<u>\$ 4,131</u>	<u>\$ 79</u>	<u>\$ 10</u>	<u>\$ 3,134</u>	<u>\$ 92</u>	<u>\$ 57</u>	<u>\$ 10,035</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	10,035
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,035</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
700	4,131	79	10	3,134	92	57	-
-	-	-	-	-	-	-	-
<u>700</u>	<u>4,131</u>	<u>79</u>	<u>10</u>	<u>3,134</u>	<u>92</u>	<u>57</u>	<u>-</u>
<u>\$ 700</u>	<u>\$ 4,131</u>	<u>\$ 79</u>	<u>\$ 10</u>	<u>\$ 3,134</u>	<u>\$ 92</u>	<u>\$ 57</u>	<u>\$ 10,035</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2018

Data Control Codes	Total Nonmajor Special Revenue Funds	616 Public Property Finance Fund	617 Facilities Emergency Grant	618 School Facilities Assist Prgm.	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 3,326,271	\$ 39,482	\$ 106,621	\$ 124,474
1240	Due from Other Governments	3,265,974	-	-	-
1260	Due from Other Funds	917	-	-	-
1290	Other Receivables	10	-	-	-
1300	Inventories	260,307	-	-	-
1000	Total Assets	<u>\$ 6,853,479</u>	<u>\$ 39,482</u>	<u>\$ 106,621</u>	<u>\$ 124,474</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 224,151	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	256,998	-	-	-
2170	Due to Other Funds	2,581,990	-	-	-
2180	Due to Other Governments	1,478	-	-	-
2300	Unearned Revenue	53,494	-	-	-
2000	Total Liabilities	<u>3,118,111</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	260,307	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	2,441,843	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	39,482	106,621	124,474
3490	Other Restricted Fund Balance	1,036,213	-	-	-
3600	Unassigned Fund Balance	(2,995)	-	-	-
3000	Total Fund Balances	<u>3,735,368</u>	<u>39,482</u>	<u>106,621</u>	<u>124,474</u>
4000	Total Liabilities and Fund Balances	<u>\$ 6,853,479</u>	<u>\$ 39,482</u>	<u>\$ 106,621</u>	<u>\$ 124,474</u>

699 Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 459,412	\$ 729,989	\$ 4,056,260
-	-	3,265,974
-	-	917
-	-	10
-	-	260,307
<u>\$ 459,412</u>	<u>\$ 729,989</u>	<u>\$ 7,583,468</u>
\$ -	\$ -	\$ 224,151
-	-	256,998
-	-	2,581,990
-	-	1,478
-	-	53,494
<u>-</u>	<u>-</u>	<u>3,118,111</u>
-	-	260,307
-	-	2,441,843
459,412	729,989	729,989
-	-	1,036,213
-	-	(2,995)
<u>459,412</u>	<u>729,989</u>	<u>4,465,357</u>
<u>\$ 459,412</u>	<u>\$ 729,989</u>	<u>\$ 7,583,468</u>



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

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	2,221,435	3,441,049	73,952	1,977,076
5020 Total Revenues	2,221,435	3,441,049	73,952	1,977,076
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	1,145,418	1,710,281	15,380	1,495,978
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	156,195	1,306,743	56,644	3,000
0021 Instructional Leadership	430,985	259,617	1,691	267,385
0023 School Leadership	238	108,390	-	900
0031 Guidance, Counseling and Evaluation Services	-	41,356	-	59,943
0032 Social Work Services	65,326	-	-	-
0033 Health Services	187	-	-	-
0034 Student (Pupil) Transportation	-	-	-	149,756
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	70,707	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	352,379	14,662	237	114
Intergovernmental:				
0099 Other Intergovernmental Charges	-	-	-	-
6030 Total Expenditures	2,221,435	3,441,049	73,952	1,977,076
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang Acquisition	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention
\$ -	\$ 308,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	422,751	-	-	-	-	-	-
32,468	6,225,555	106,333	304,379	138,561	694,784	52,368	-
32,468	6,957,112	106,333	304,379	138,561	694,784	52,368	-
32,468	-	74,872	-	30,817	182,461	44,596	-
-	-	-	-	-	-	-	-
-	-	11,462	291,778	104,970	55,399	7,772	-
-	-	9,444	10,501	2,348	381,885	-	-
-	-	-	2,100	75	7,411	-	-
-	-	10,555	-	28	67,377	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	6,464,479	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	629,062	-	-	-	-	-	-
-	-	-	-	323	251	-	-
-	-	-	-	-	-	-	-
32,468	7,093,541	106,333	304,379	138,561	694,784	52,368	-
-	(136,429)	-	-	-	-	-	-
-	2,838,579	-	-	-	-	-	9
\$ -	\$ 2,702,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9

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

Data Control Codes	385 Visually Impaired SSVI	393 Texas Successful Schools Prog.	394 Life Skills Program	410 State Textbook Fund
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ 95	\$ -	\$ -
5800 State Program Revenues	7,930	-	-	873,706
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>7,930</u>	<u>95</u>	<u>-</u>	<u>873,706</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	7,930	-	-	863,306
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	10,400
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	-	-	-	-
Intergovernmental:				
0099 Other Intergovernmental Charges	-	-	-	-
6030 Total Expenditures	<u>7,930</u>	<u>-</u>	<u>-</u>	<u>873,706</u>
1200 Net Change in Fund Balance	-	95	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>377</u>	<u>19,997</u>	<u>355,235</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 472</u>	<u>\$ 19,997</u>	<u>\$ 355,235</u>

427 State Funded Spec Revenue Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	480 Five Palms Citicorp Grant	481 FFA Donation Air Waste	482 SSAISD Education Foundation	483 YWCA 16-17 Grant
\$ -	\$ -	\$ 3,620	\$ 367,379	\$ -	\$ -	\$ -	\$ -
19,146	61,226	148,114	-	-	-	-	-
-	-	-	-	-	-	-	-
19,146	61,226	151,734	367,379	-	-	-	-
19,146	6,961	786,712	108,257	-	-	-	-
-	-	-	47,149	-	-	-	-
-	28,209	4,680	2,151	-	-	-	-
-	18,772	49,968	-	-	-	-	-
-	-	-	101,282	-	-	-	-
-	-	-	1,414	-	-	-	-
-	5,865	-	-	-	-	-	-
-	-	-	97	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	81,432	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	19	-	2,396	-	-	-	-
-	1,400	-	-	-	-	-	-
19,146	61,226	841,360	344,178	-	-	-	-
-	-	(689,626)	23,201	-	-	-	-
-	22,808	952,751	229,155	3,990	387	12,551	(2,995)
\$ -	\$ 22,808	\$ 263,125	\$ 252,356	\$ 3,990	\$ 387	\$ 12,551	\$ (2,995)

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

Data Control Codes	484 Madla Lowe Grant	485 CATE Boeing Grant	487 S.A. Sports Foundation	489 Lowe Kindred Grant
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 24,840	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	-	-	24,840	-
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	-	-	-	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	18,083	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	-	-	-	-
Intergovernmental:				
0099 Other Intergovernmental Charges	-	-	-	-
6030 Total Expenditures	-	-	18,083	-
1200 Net Change in Fund Balance	-	-	6,757	-
0100 Fund Balance - September 1 (Beginning)	11,728	1	78,566	28
3000 Fund Balance - August 31 (Ending)	\$ 11,728	\$ 1	\$ 85,323	\$ 28

490 Target Kindred Grant	492 Dwight Grant	494 Palo Alto Grant	495 Athens Grant	496 Five Palms Robotics Grant	497 George Bush Foundation	498 Walmart Ready Supply Grant	499 Other Local Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	840
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	840
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	840
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	840
-	-	-	-	-	-	-	-
700	4,131	79	10	3,134	92	57	-
\$ 700	\$ 4,131	\$ 79	\$ 10	\$ 3,134	\$ 92	\$ 57	-

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

Data Control Codes	Total Nonmajor Special Revenue Funds	616 Public Property Finance Fund	617 Facilities Emergency Grant	618 School Facilities Assist Prgm.
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 705,580	\$ 568	\$ 1,516	\$ 1,271
5800 State Program Revenues	1,532,873	-	-	-
5900 Federal Program Revenues	15,267,960	-	-	-
5020 Total Revenues	17,506,413	568	1,516	1,271
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	6,524,583	-	-	-
0012 Instructional Resources and Media Services	47,149	-	-	-
0013 Curriculum and Instructional Staff Development	2,039,403	-	-	-
0021 Instructional Leadership	1,432,596	-	-	-
0023 School Leadership	220,396	-	-	-
0031 Guidance, Counseling and Evaluation Services	180,673	-	-	-
0032 Social Work Services	71,191	-	-	-
0033 Health Services	284	-	-	-
0034 Student (Pupil) Transportation	149,756	-	-	-
0035 Food Services	6,464,479	-	-	-
0036 Extracurricular Activities	99,515	-	-	-
0041 General Administration	70,707	-	-	-
0051 Facilities Maintenance and Operations	629,062	-	-	-
0061 Community Services	371,221	-	-	-
Intergovernmental:				
0099 Other Intergovernmental Charges	1,400	-	-	-
6030 Total Expenditures	18,302,415	-	-	-
1200 Net Change in Fund Balance	(796,002)	568	1,516	1,271
0100 Fund Balance - September 1 (Beginning)	4,531,370	38,914	105,105	123,203
3000 Fund Balance - August 31 (Ending)	\$ 3,735,368	\$ 39,482	\$ 106,621	\$ 124,474

699 Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 4,803	\$ 8,158	\$ 713,738
-	-	1,532,873
-	-	15,267,960
4,803	8,158	17,514,571
-	-	6,524,583
-	-	47,149
-	-	2,039,403
-	-	1,432,596
-	-	220,396
-	-	180,673
-	-	71,191
-	-	284
-	-	149,756
-	-	6,464,479
-	-	99,515
-	-	70,707
-	-	629,062
-	-	371,221
-	-	1,400
-	-	18,302,415
4,803	8,158	(787,844)
454,609	721,831	5,253,201
\$ 459,412	\$ 729,989	\$ 4,465,357



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## **Internal Service Funds**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2018

	752 Print Shop	753 Workers Comp. Self Insurance	Total Internal Service Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 19,192	\$ 19,192
Due from Other Funds	151	4,255,795	4,255,946
Total Assets	<u>151</u>	<u>4,274,987</u>	<u>4,275,138</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	855	18,399	19,254
Due to Other Funds	84,508	180	84,688
Accrued Expenses	-	503,035	503,035
Total Liabilities	<u>85,363</u>	<u>521,614</u>	<u>606,977</u>
<b>NET POSITION</b>			
Unrestricted Net Position	<u>(85,212)</u>	<u>3,753,373</u>	<u>3,668,161</u>
Total Net Position	<u>\$ (85,212)</u>	<u>\$ 3,753,373</u>	<u>\$ 3,668,161</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	752 Print Shop	753 Workers Self Insurance	Total Internal Service Funds
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ 42,774	\$ -	\$ 42,774
Total Operating Revenues	<u>42,774</u>	<u>-</u>	<u>42,774</u>
<b>OPERATING EXPENSES:</b>			
Payroll Costs	29,211	102,432	131,643
Professional and Contracted Services	87,506	141,640	229,146
Supplies and Materials	12,243	-	12,243
Other Operating Costs	-	258,350	258,350
Total Operating Expenses	<u>128,960</u>	<u>502,422</u>	<u>631,382</u>
Operating Income (Loss)	(86,186)	(502,422)	(588,608)
Total Net Position - September 1 (Beginning)	<u>974</u>	<u>4,255,795</u>	<u>4,256,769</u>
Total Net Position August 31 (Ending)	<u>\$ (85,212)</u>	<u>\$ 3,753,373</u>	<u>\$ 3,668,161</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	752	753	
	Print Shop	Workers Comp. Self Insurance	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 42,774	\$ -	\$ 42,774
Cash Payments to Employees for Services	(31,264)	(102,432)	(133,696)
Cash Payments for Suppliers	(14,537)	-	(14,537)
Cash Payments for Other Operating Expenses	-	121,624	121,624
Net Cash Provided by (Used for) Operating Activities	<u>(3,027)</u>	<u>19,192</u>	<u>16,165</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,027)	19,192	16,165
Cash and Cash Equivalents at Beginning of Year	<u>3,027</u>	<u>-</u>	<u>3,027</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ 19,192</u>	<u>\$ 19,192</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss):	\$ (86,186)	\$ (502,422)	\$ (588,608)
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due from Other Funds	(151)	-	(151)
Increase (decrease) in Accounts Payable	855	18,399	19,254
Increase (decrease) in Accrued Expenses	(2,053)	503,035	500,982
Increase (decrease) in Due to Other Funds	<u>84,508</u>	<u>180</u>	<u>84,688</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (3,027)</u>	<u>\$ 19,192</u>	<u>\$ 16,165</u>

## **Agency Fund**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

	BALANCE SEPTEMBER 1 2017	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2018
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 224,054	\$ 797,853	\$ 773,455	\$ 248,452
Liabilities:				
Accounts Payable	\$ 1,917	\$ 5,979	\$ 1,917	\$ 5,979
Due to Other Funds	-	2,040	-	2,040
Due to Student Groups	222,137	396,157	377,861	240,433
Total Liabilities	<u>\$ 224,054</u>	<u>\$ 404,176</u>	<u>\$ 379,778</u>	<u>\$ 248,452</u>
<b>TOTAL AGENCY FUNDS</b>				
Liabilities:				
Accounts Payable	\$ 1,917	\$ 5,979	\$ 1,917	\$ 5,979
Due to Other Funds	-	2,040	-	2,040
Due to Student Groups	222,137	396,157	377,861	240,433
Total Liabilities	<u>\$ 224,054</u>	<u>\$ 404,176</u>	<u>\$ 379,778</u>	<u>\$ 248,452</u>

## **Private Purpose Trust Funds**



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2018

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

## **REQUIRED TEA SCHEDULES**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2018

Last 10 Years Ended August 31	(1)                      (2)		(3) Assessed/Appraised Value for School Tax Purposes
	Tax Rates		
	Maintenance	Debt Service	
2009 and prior years	Various	Various	\$ Various
2010	1.040000	0.400000	1,215,559,183
2011	1.040000	0.393800	1,190,427,314
2012	1.040000	0.414900	1,207,596,467
2013	1.040000	0.414900	1,311,710,609
2014	1.040000	0.414900	1,334,190,093
2015	1.040000	0.411500	1,398,872,137
2016	1.040000	0.411500	1,435,618,939
2017	1.040000	0.411500	1,487,464,313
2018 (School year under audit)	1.040000	0.411500	1,600,484,459
1000            TOTALS			

(10) Beginning Balance 9/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 445,504	\$ -	\$ 8,371	\$ 2,093	\$ 29,526	\$ 464,566
57,014	-	2,752	1,042	7,929	61,149
64,984	-	2,772	1,106	12,285	73,391
77,309	-	3,552	1,417	18,584	90,924
95,933	-	5,018	2,002	(14,731)	74,182
80,751	-	11,438	4,526	28,877	93,664
108,782	-	15,285	6,048	25,729	113,178
133,783	-	(3,905)	(1,545)	(11,604)	127,629
192,312	-	149,080	58,987	243,103	227,348
601,746	23,729,087	16,542,043	6,545,241	(601,746)	641,803
<u>\$ 1,858,118</u>	<u>\$ 23,729,087</u>	<u>\$ 16,736,406</u>	<u>\$ 6,620,917</u>	<u>\$ (262,048)</u>	<u>\$ 1,967,834</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2018

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	\$ 370,806	\$ 370,806	\$ 308,806	\$ (62,000)
5800	State Program Revenues	262,535	262,535	422,751	160,216
5900	Federal Program Revenues	6,707,037	6,707,037	6,225,555	(481,482)
5020	Total Revenues	7,340,378	7,340,378	6,957,112	(383,266)
EXPENDITURES:					
0035	Food Services	7,156,214	6,706,214	6,464,479	241,735
0051	Facilities Maintenance and Operations	183,352	633,352	629,062	4,290
6030	Total Expenditures	7,339,566	7,339,566	7,093,541	246,025
1200	Net Change in Fund Balances	812	812	(136,429)	(137,241)
0100	Fund Balance - September 1 (Beginning)	2,838,579	2,838,579	2,838,579	-
3000	Fund Balance - August 31 (Ending)	\$ 2,839,391	\$ 2,839,391	\$ 2,702,150	\$ (137,241)

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

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	\$ 6,918,186	\$ 6,918,186	\$ 6,757,572	\$ (160,614)
5800	State Program Revenues	6,046,126	6,046,126	5,855,859	(190,267)
5020	Total Revenues	12,964,312	12,964,312	12,613,431	(350,881)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	13,145,106	6,805,000	6,805,000	-
0072	Interest on Long-Term Debt	-	6,340,106	6,340,106	-
0073	Bond Issuance Cost and Fees	-	25,000	24,810	190
6030	Total Expenditures	13,145,106	13,170,106	13,169,916	190
1200	Net Change in Fund Balances	(180,794)	(205,794)	(556,485)	(350,691)
0100	Fund Balance - September 1 (Beginning)	4,724,055	4,724,055	4,724,055	-
3000	Fund Balance - August 31 (Ending)	\$ 4,543,261	\$ 4,518,261	\$ 4,167,570	\$ (350,691)

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**FEDERAL AWARDS SECTION**



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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South San Antonio Independent School District (the District), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 9, 2019.

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

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

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

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

### **Compliance and Other Matters**

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

### **Other Matters**

We noted certain matters that we reported to management of the District in a separate letter dated January 9, 2019.

### **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.

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January 9, 2019

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

We have audited South San Antonio Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

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

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

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

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

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.

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January 9, 2019



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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2018

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

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

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

<b><i>Identification of Major Programs</i></b>		
	CFDA Numbers(s)	Name of Federal Program or Cluster
	84.027 84.173	Special Education Cluster (IDEA): IDEA – Part B, Formula IDEA – Part B, Preschool
	84.010A	Title I, Part A Programs: ESEA, Title I, Part A – Improving Basic Programs
	Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
	Auditee qualified as low-risk auditee?	_X_ Yes ___ No

(Continued)

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2018

**SECTION II – FINANCIAL STATEMENT FINDINGS**

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

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For The Year Ended August 31, 2018

**Finding No. 2017-1 Budget Preparation and Reporting**

**Type of Finding:** Significant Deficiency

**Criteria:** The District must have adequate controls in place to properly report budgetary information and fully comply with the various State requirements as follows:

- Texas Education Code Sec. 44.0041, requires school districts to post a summary of the proposed budget on the school district's Internet website.
- The Texas Education Agency Financial Accountability System Resource Guide states: “the annual operating budget is one of the most important of all legal documents governing financial transactions. Upon board of trustee approval, the expenditure requests in the budget become binding appropriations that may not legally be exceeded by the school district without an amendment”. Amendments to the budget should be proposed by function and/or object level to ensure budgetary control and accountability.
- The District is required to report the adopted budget for the General, Food Service and Debt Service in the mid-year PEIMS submission at the combined level.
- When the budget is adopted it becomes the legal level of budgetary control at the functional level by fund type.

**Condition/Cause:** The District did not have adequate controls in place to properly report budgetary information and fully comply with the various State requirements as follows:

- The District’s internet website did not include the required posting of the summary proposed budget for the 2017 fiscal year.
- Amendments were posted to the general ledger before being approved by the Board of Trustees on the March 22, 2017 board meeting. In addition, the budget amendments included \$50,000 for “extraordinary expenditure.” The proposed expenditure was not coded as to a function or object code.
- We noted various adopted budget line items were not correctly reported in PEIMS as follows: Local and Intermediate Sources revenues were overstated by \$175,960, Expenditures were overstated in total by \$862,360. The main functions that were overstated included: Instruction \$212,724, Student Transportation \$180,339, and Capital Outlay \$339,665.
- The district’s general fund expenditures exceeded the amended budget in various functions: Instruction \$831,624, Payments to Fiscal Agent/Member District of SSA \$281,675, Other Intergovernmental Charges \$408,393.

**Recommendation:** We recommend the District establish control procedures to ensure compliance with budgetary legal requirements, proper budgetary accounting and reporting.

**Planned Corrective Action Response:**

- We will confirm annually that the Adopted Budget is posted on the District website. The task of verifying the document is posted on the website will be assigned to the Executive Secretary for Finance.
- Budget Amendments are being taken to the Board in advance of being posted to our general ledger. The CFO is responsible for this item.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For The Year Ended August 31, 2018

- We are validating the accounting system to ensure it is accurate with the Board approved budget and verifying the amounts in PEIMS submission. The Executive Director of Budget and Fiscal Services will be responsible for this item.
- New administration, after the final budget amendment, identified some accounting issues, from previous years, that created this overage in functional levels. The Executive Director of Budget and Fiscal Services is responsible for this item.

*Status:* Finding Cleared

**Finding No. 2017-2 Financial Monitoring and Reporting**

**Type of Finding:** Significant Deficiency

*Criteria:* An important element of a District's internal control is the monitoring of the finances of the District. Preparing and providing periodic financial reports and other financial information during the year for review by the board of trustees, superintendent, and key management is necessary to properly monitor the financial condition and financial operations of the District. Timely and accurate financial information is necessary for making informed management decisions.

*Condition/Cause:* Based on our review of the board minutes and our inquiries, financial reports, including budget to actual report of revenues and expenditures, were not presented nor provided for review to the board of trustees during the 2017 fiscal year. Also, budget amendments provided to the board of trustees during the year did not include actual revenues/expenditures to the line items being amended.

*Recommendation:* We recommend that the District establish policies and procedures requiring periodic financial reports to include as a minimum budget to actual reports of revenues and expenditures and changes in fund balances. Such reports should assist the board of trustees and management in monitoring the financial condition of the District throughout the year.

***Planned Corrective Action Response:***

- District administration will provide a Financial Statement showing actual to budget to the Board on a quarterly basis. The Executive Director of Budget and Fiscal Services is responsible for this item.

*Status:* Finding cleared.

## **Schedule of Expenditures of Federal Awards**

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2018

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Programs</u>			
JROTC	12.NA		\$ 61,238
Total Direct Programs			61,238
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<b>61,238</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101015908	3,358,355
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101015908	156,595
Total CFDA Number 84.010A			3,514,950
ESEA, Title I, Part C - Migratory Children	84.011	18615001015908	75,340
*IDEA - Part B, Formula	84.027	186600010159086000	1,886,147
*IDEA - Part B, Formula	84.027	196600010159086600	90,929
*SSA - IDEA - Part B, Discretionary	84.027	186600110159086673	51,870
*SSA - IDEA - Part B, Discretionary	84.027	196600110159086673	1,643
Total CFDA Number 84.027			2,030,589
*IDEA - Part B, Preschool	84.173	176610010159086000	30,509
*IDEA - Part B, Preschool	84.173	1866000010159086600	1,959
Total CFDA Number 84.173			32,468
Total Special Education Cluster (IDEA)			2,063,057
Career and Technical - Basic Grant	84.048	18420006015908	106,333
Title III, Part A - English Language Acquisition	84.365A	18671001015908	141,275
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	18694501015908	311,020
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	19694501015908	384
Total CFDA Number 84.367A			311,404
School Climate Transformation Project	84.184	S184G140167-17	655,728
Title IV Part A	84.184	18680101015908	39,056
Total CFDA Number 84.184			694,784
Total Passed Through State Department of Education			6,907,143
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>6,907,143</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778		17,529
Total Passed Through Texas Dept of Human Services			17,529
<u>Passed Through State Department of Education</u>			
Head Start	93.600	06CH7068/07	1,261,715
Head Start	93.600	06CH7068/06	972,142
Total CFDA Number 93.600			2,233,857
Total Passed Through State Department of Education			2,233,857
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>2,251,386</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		1,859,878

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
*National School Lunch Program - Cash Assistance	10.555		4,133,903
*National School Lunch Prog - Non-Cash Assistance	10.555		<u>231,774</u>
Total CFDA Number 10.555			<u>4,365,677</u>
Total Child Nutrition Cluster			<u>6,225,555</u>
Total Passed Through the State Department of Agriculture			<u>6,225,555</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>6,225,555</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 15,445,322</u>

\*Clustered Programs



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended August 31, 2018

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

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

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
San Antonio, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended August 31, 2018

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

- Total Federal Program Revenues (Exhibit C-3)	\$ 17,833,411
Less: SHARS Revenue (excluded from Exhibit K-1)	(1,064,557)
Less: LEP Summer School (excluded from Exhibit K-1)	(9,409)
Less: Government Subsidized Debt (excluded from Exhibit K-1)	(960,786)
Less: E-Rate Program Revenue (excluded from Exhibit K-1)	<u>(353,337)</u>
Total Expenditures of Federal Awards (Exhibit K-1)	<u>\$ 15,445,322</u>

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