



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

Agenda Item Summary

Meeting Date: January 24, 2024

Agenda Section: Discussion/Possible Action

Agenda Item Title: Fiscal Year 2022-2023 Annual Financial Report

From: Tony Kingman, Chief Financial Officer

Additional Presenters if Applicable: N/A

Description: Rebecca Goldstein, CPA, with Weaver and Tidwell, L.L.P will present the results of the 2022-2023 Comprehensive Annual Financial Review for the Board's information and approval.

Historical Data: The Texas Education Agency requires that District's receive an audit of their annual financial data. Upon the Board's acceptance of the audit, the District is required to electronically submit the audit report to TEA. Both actions are required to be completed prior to January 28, 2024.

Recommendation: Approve the 2022-2023 Annual Financial Report as presented.

Funding Budget Code and Amount: N/A

South San Antonio Independent School District

Annual Financial Report

For the Fiscal Year Ended August 31, 2023

South San Antonio Independent School District

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Annual Financial Report

For the Fiscal Year Ended August 31, 2023

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Certificate of the Board

South San Antonio Independent School District

Name of School District

Bexar

County

015-908

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 fiscal year ended August 31, 2023 at a meeting of the Board of Trustees of such school district on the ____ day of _____, 2024.

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved 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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Independent Auditor's Report

To the Board of Trustees of
South San Antonio Independent School District
San Antonio, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited 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 fiscal year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2023, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended August 31, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this manner.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Weaver and Tidwell, L.L.P.
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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary 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 management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Board of Trustees of
South San Antonio Independent School District

Supplementary 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 Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Required Responses to Selected School FIRST Indicators but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
January 22, 2024

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Management's Discussion and Analysis

As management of the South San Antonio Independent School District (the District), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2023. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable, total other postemployment benefit and net pension liability.

Financial Highlights

- Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources at year-end by \$26,023,741 (net position). Of this amount, unrestricted net position was negative \$33,626,399.
- The District's total net position increased by \$7,820,719.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$47,307,187, an increase of \$3,730,871 as compared to the preceding year.
- At the end of the year, fund balance of the general fund was \$38,860,112, or 53 percent of the year's total general fund expenditures.
- The District's net bonded debt decreased by \$7,932,234 (5 percent) during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector enterprise.

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of how the financial position of the District is changing.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods (e.g., uncollected taxes).

The government-wide financial operations (*governmental activities*) of the District are principally supported by taxes, intergovernmental revenues, and charges for services. The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Cocurricular/Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Payments to Related Shared Service Arrangements, Payments to Juvenile Justice Alternative Education Programs, Facilities Repair and Maintenance, and Other Intergovernmental Charges.*

The government-wide financial statements can be found as noted in the table of contents of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of cash resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintained thirty-six individual governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, which are considered to be major funds. Data from the other thirty-four governmental funds are combined into a single, aggregated presentation titled total non-major funds.

The District adopts an annual revenue and appropriations budget for its general fund, debt service fund and national school breakfast and lunch program special revenue fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with its budget.

The basic governmental fund financial statements are noted in the table of contents of this report.

Proprietary Fund. The District maintains one type of propriety fund – *Internal Service Funds*.

The District uses internal service funds to account for the management of its print shop, workers' compensation and medical insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The basic proprietary fund financial statements are noted in the table of contents of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of students and other organizations that benefit the students and the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs and activities. A statement of net position and statement of changes are is presented for fiduciary funds, as noted in the table of contents of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are noted in the table of contents of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents required supplementary information and supplementary information, including schedules required by the Texas Education Agency. Such information is noted in the table of contents of this report.

Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources at year-end by \$26,023,741.

South San Antonio Independent School District's Net Position

	Governmental Activities	
	2023	2022
Current and other assets	\$ 66,881,330	\$ 59,019,624
Capital assets, net of accumulated depreciation	<u>138,452,466</u>	<u>144,756,976</u>
Total assets	205,333,796	203,776,600
Total deferred outflows of resources	25,821,843	16,130,846
Other liabilities	16,281,528	12,981,356
Long-term liabilities outstanding	<u>205,413,524</u>	<u>200,874,360</u>
Total liabilities	221,695,052	213,855,716
Total deferred inflows of resources	35,484,328	39,896,190
Net position:		
Net investment in capital assets	3,369,704	3,248,748
Restricted	4,232,954	3,663,948
Unrestricted	<u>(33,626,399)</u>	<u>(40,757,156)</u>
Total net position	<u><u>\$ (26,023,741)</u></u>	<u><u>\$ (33,844,460)</u></u>

A portion of the District's net position is net investment in capital assets, representing the District's investment in capital assets (e.g., land and improvements, buildings and improvements, and furniture and equipment), less any related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net position of \$4,232,954 which is the largest positive category of net position, is restricted for grant expenditures and other purposes. *Unrestricted* net position of negative \$33,626,399 represents the unrestricted net position of the District, which is mainly negative due to the recognition of the District's Pension and OPEB liability following the implementation of GASB Statements No. 68 and No. 75.

Governmental Activities. Governmental activities increased the District's net position by \$7,820,719 from current operations. Key elements of this change may be determined from the table below.

South San Antonio Independent School District Changes in Net Position

	Governmental Activities	
	2023	2022
Revenue		
Program revenues:		
Charges for services	\$ 404,589	\$ 370,510
Operating grants and contributions	45,391,235	46,910,415
General revenues:		
Property taxes, levied for general purposes	20,917,857	19,093,038
Property taxes, levied for debt service	12,208,088	10,454,411
Grants and contributions not restricted to specific programs	49,373,348	50,206,046
Investment earnings	2,335,561	301,842
Gain on sale of capital asset	-	31,103
Miscellaneous	930,336	1,034,150
	131,561,014	128,401,515
Total revenues		
Expenses		
Instruction	62,342,877	59,535,953
Instructional resources and media services	1,497,915	1,505,100
Curriculum and instructional staff development	3,872,721	3,702,303
Instructional leadership	2,491,886	2,234,415
School leadership	6,706,797	6,364,294
Guidance, counseling, and evaluation services	4,571,215	3,745,273
Social work services	501,899	393,166
Health services	1,548,875	1,466,624
Student transportation	2,587,696	2,330,391
Food services	7,750,235	6,754,541
Cocurricular/extracurricular activities	2,924,626	2,760,081
General administration	3,890,435	5,920,382
Plant maintenance and operations	12,110,842	12,735,286
Security and monitoring services	1,553,567	1,035,121
Data processing services	2,586,362	1,470,088
Community services	1,086,666	1,115,173
Interest on long-term debt	5,421,170	4,868,448
Issuance costs and fees	34,361	501,284
Facilities acquisition and construction	2	4,874
Payments to related shared service arrangements	95,705	74,000
Payments to juvenile justice alternative education program	8,151	-
Other intergovernmental charges	156,292	131,001
	123,740,295	118,647,798
Total expenses		
Change in net position	7,820,719	9,753,717
Net position - beginning	(33,844,460)	(43,598,177)
Net position - ending	\$ (26,023,741)	\$ (33,844,460)

Revenues are generated primarily from two sources. Grants and contributions from the state, federal government, and other sources (program and general revenues) totaling \$94,764,583 represent 72 percent of total revenues and property taxes totaling \$33,125,945 represent 25 percent of total revenues. The remaining 3 percent is generated from charges for services, investment earnings, and miscellaneous sources. The overall increase to revenue is attributed to the increase in property taxes revenue as a result of an increase in property values and the higher interest rates from the District's investment accounts.

The primary functional category of expenses of the District is *Instruction* with \$62,342,877 of expenses in the current fiscal year, which represents 50 percent of total expenses while all remaining expense categories are individually 10 percent or less of total expenses.

Financial Analysis of the Government's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$47,307,187, an increase of \$3,730,871 from the preceding year. Comments as to each individual major fund's change in fund balance follows.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$33,468,678, while total fund balance was \$38,860,112. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 46 percent of total general fund expenditures, while total fund balance represents 53 percent of that same total. The fund balance of the general fund increased \$1,777,981 during the year. The increase in general fund balance was mainly due to the support from the Education Stabilization Fund - ESSER funds (ESSER). The ESSER special revenue funds were created to account for emergency relief funds due to the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation.

The debt service fund ended the year with a total fund balance of \$3,766,266, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$1,046,104 during the year, primarily due to the increase in property tax revenues from an increase in values.

Governmental funds financial statements may be found by referring to the table of contents.

Proprietary Funds. The District's proprietary funds, comprising of internal service funds, financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The net position of internal service funds increased by \$610,974 in the current year due to a transfer in from the general fund that exceeded the operating loss.

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 for board approval. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended August 31, 2023, 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, with the exception of the increase in capital outlay budget as result of the anticipated expenditure from the maintenance tax notes. The general fund's actual revenues were more than the budgeted revenues by \$1,620,951 and the budgeted expenditures exceeded actual expenditures by \$7,401,629. The majority of the difference comes from the budgeted amount for the anticipated expenditure from the maintenance tax notes.

The budget was adopted using the \$0.8546 maintenance and operations rate in addition to the debt service rate of \$.4990.

Capital Assets and Long-term Liabilities

Capital Assets. The District's investment in capital assets for its governmental activities as of August 31, 2023 was \$138,452,466 (net of accumulated depreciation and amortization). Depreciation and amortization expense for the year of \$10,400,247 was also recognized together with the capital asset additions resulted in a net decrease to capital assets of (\$6,304,510). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, construction in progress, the right-to-use lease assets, and the right-to-use subscription assets.

South San Antonio Independent School District's Capital Assets (Net of Depreciation and Amortization)

	Governmental Activities	
	2023	2022
	Amount	Amount
Land and improvements	\$ 2,796,842	\$ 2,796,842
Buildings and improvements	130,364,621	137,324,262
Furniture and equipment	3,019,173	3,373,471
Construction in progress	1,478,251	799,088
Right-to-use lease assets	233,625	463,313
Right-to-use subscription assets	559,954	-
Totals	\$ 138,452,466	\$ 144,756,976

Additional information on the District's capital assets can be found in the notes to the financial statements as per the table of contents of this report.

Long-term Liabilities. At year-end, the District had the following long-term liabilities:

South San Antonio Independent School District's Outstanding Long-term Liabilities

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 120,584,709	59	\$ 126,454,853	62	\$ (5,870,144)	(5)
Notes payable	10,127,000	5	10,555,000	5	(428,000)	(4)
Leases payable	248,512	-	471,692	-	(223,180)	(47)
Subscriptions payable	633,435	-	-	-	633,435	-
Financed purchase liability	223,014	-	-	-	223,014	-
Compensated absences	1,334,895	1	1,316,592	1	18,303	1
Unamortized premium	6,423,688	3	7,513,256	4	(1,089,568)	(15)
Accreted interest	12,094,976	6	13,067,498	7	(972,522)	(7)
Net pension liability	35,293,655	17	13,530,887	7	21,762,768	161
Net OPEB liability	18,449,640	9	27,964,581	14	(9,514,941)	(34)
Totals	\$ 205,413,524	100	\$ 200,874,359	100	\$ 4,539,165	

The District's net bonded debt, which include general obligation bonds, unamortized premiums and accreted interest, decreased by \$7,932,234 (5 percent) during the current fiscal year, which resulted primarily from required payments. The debt is supported by the full faith and credit of the District, as further guaranteed by the Permanent School Fund of the State of Texas.

State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found in the notes to the financial statements as per the table of contents of this report.

Economic Factors and Next Year's Budgets and Rates

The South San Antonio Independent School District is located in the well-established south and southwest portion of San Antonio, covering 21 square miles. The economic growth in line with the broader metropolitan area, with upcoming developments including several hundreds of new single-family homes, and apartment complex units coming online in the next several years.

The District's Board of Trustees adopted a Maintenance & Operation tax rate of \$0.6692 and an Interest & Sinking tax rate of \$0.4990 for a total of \$1.1682 per \$100 of property valuation.

The District estimated ADA to be 6,696 in the development of the 2023-2024 budget which was consistent with the recent year's enrollment trends

Fitch Ratings and S&P Global Ratings affirmed its 'A' underlying rating on South San Antonio Independent School District (ISD), Texas' general obligation (GO) debt outstanding at the beginning of the 2023-24 fiscal year.

Requests for Information

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 1450 Gillette Boulevard., San Antonio, Texas.

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Basic Financial Statements

South San Antonio Independent School District

Statement of Net Position

August 31, 2023

Exhibit A-1

Data Control Codes		Governmental Activities
ASSETS		
1110	Cash and cash equivalents	\$ 6,074,116
1120	Current investments	45,828,206
1220	Property taxes receivables	2,879,838
1230	Allowance for uncollectible taxes	(287,984)
1240	Due from other governments	11,965,989
1290	Other receivables	40,308
1300	Inventories	90,243
1410	Prepaid items	290,614
	Capital assets, not being depreciated or amortized:	
1510	Land and improvements	2,796,842
1580	Construction in progress	1,478,251
	Capital assets, net of depreciation and amortization:	
1520	Buildings and improvements (net)	130,364,621
1530	Furniture and equipment (net)	3,019,173
1550	Right to use lease assets (net)	233,625
1553	Right to use subscription assets (net)	559,954
1000	Total assets	<u>205,333,796</u>
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred outflows - pension	16,005,184
1706	Deferred outflows - OPEB	6,964,434
1710	Deferred charge on refunding	2,852,225
1700	Total deferred outflows of resources	<u>25,821,843</u>
LIABILITIES		
2110	Accounts payable	3,386,179
2140	Interest payable	202,206
2150	Payroll deductions and withholdings	858,469
2160	Accrued wages payable	4,162,507
2180	Due to other governments	6,150,733
2190	Due to student groups	1,960
2200	Accrued liabilities	1,140,963
2300	Unearned revenue	378,511
	Noncurrent liabilities:	
2501	Due within one year	10,418,573
2502	Due in more than one year	141,251,656
2540	Net pension liabilities	35,293,655
2545	Net OPEB liability	18,449,640
2000	Total liabilities	<u>221,695,052</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflows - pension	4,118,955
2606	Deferred inflows - OPEB	31,315,427
2610	Deferred gain on refunding	49,946
2600	Total deferred inflows of resources	<u>35,484,328</u>
NET POSITION		
3200	Net investment in capital assets	3,369,704
3820	Restricted for grants	3,490,630
3890	Restricted for other purposes	742,324
3900	Unrestricted	(33,626,399)
3000	TOTAL NET POSITION	<u><u>\$ (26,023,741)</u></u>

The Notes to the Financial Statements are an integral part of this statement.

South San Antonio Independent School District

Statement of Activities

For the Fiscal Year Ended August 31, 2023

Exhibit B-1

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Program Revenues		Governmental Activities
			Charges for Services	Operating Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental activities:					
0011	Instruction	\$ 62,342,877	\$ 4,310	\$ 19,207,862	\$ (43,130,705)
0012	Instructional resources and media services	1,497,915	-	107,645	(1,390,270)
0013	Curriculum and instructional staff development	3,872,721	-	3,218,276	(654,445)
0021	Instructional leadership	2,491,886	-	1,111,818	(1,380,068)
0023	School leadership	6,706,797	-	575,505	(6,131,292)
0031	Guidance, counseling, and evaluation services	4,571,215	-	1,739,679	(2,831,536)
0032	Social work services	501,899	-	187,778	(314,121)
0033	Health services	1,548,875	-	1,277,435	(271,440)
0034	Student transportation	2,587,696	-	358,713	(2,228,983)
0035	Food services	7,750,235	168,588	8,211,001	629,354
0036	Cocurricular/extracurricular activities	2,924,626	145,813	237,429	(2,541,384)
0041	General administration	3,890,435	-	508,645	(3,381,790)
0051	Plant maintenance and operations	12,110,842	85,815	4,066,079	(7,958,948)
0052	Security and monitoring services	1,553,567	-	759,351	(794,216)
0053	Data processing services	2,586,362	-	975,716	(1,610,646)
0061	Community services	1,086,666	-	852,499	(234,167)
0072	Interest on long-term debt	5,421,170	63	1,449,809	(3,971,298)
0073	Issuance costs and fees	34,361	-	258	(34,103)
0081	Facilities acquisition and construction	2	-	535,295	535,293
0093	Payments related to shared services arrangements	95,705	-	3,842	(91,863)
0095	Payments to juvenile justice alternative education programs	8,151	-	327	(7,824)
0099	Other intergovernmental charges	156,292	-	6,273	(150,019)
TG	Total governmental activities	123,740,295	404,589	45,391,235	(77,944,471)
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 123,740,295</u>	<u>\$ 404,589</u>	<u>\$ 45,391,235</u>	(77,944,471)
General revenues:					
MT	Property taxes, levied for general purposes				20,917,857
DT	Property taxes, levied for debt service				12,208,088
GC	Grants and contributions not restricted to specific programs				49,373,348
IE	Investment earnings				2,335,561
MI	Miscellaneous				930,336
TR	Total general revenues and extraordinary items				<u>85,765,190</u>
CN	Change in net position				7,820,719
NB	Net position - beginning, as originally reported				(33,844,460)
	Net position - beginning				<u>(33,844,460)</u>
NE	NET POSITION - ENDING				<u>\$ (26,023,741)</u>

The Notes to the Financial Statements are an integral part of this statement.

South San Antonio Independent School District

Balance Sheet
Governmental Funds
August 31, 2023

199

Data Control Codes		General Fund
	ASSETS	
1110	Cash and cash equivalents	\$ -
1120	Current investments	39,721,185
1220	Property taxes receivables	1,926,652
1230	Allowance for uncollectable taxes	(192,665)
1240	Due from other governments	6,039,154
1260	Due from other funds	2,503,548
1290	Other receivables	18,271
1300	Inventories	8,863
1410	Prepaid items	19,409
		<hr/>
1000	Total assets	50,044,417
		<hr/>
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 50,044,417
		<hr/>
	LIABILITIES	
2110	Accounts payable	\$ 816,885
2150	Payroll deductions and withholdings	858,469
2160	Accrued wages payable	3,436,005
2170	Due to other funds	250,986
2180	Due to other governments	4,178,491
2190	Due to student groups	-
2200	Accrued liabilities	19,644
2300	Unearned revenue	-
		<hr/>
2000	Total liabilities	9,560,480
		<hr/>
	DEFERRED INFLOWS OF RESOURCES	
2600	Unavailable revenue - property taxes	1,623,825
		<hr/>
	Total deferred inflows of resources	1,623,825
		<hr/>
	FUND BALANCES	
3410	Nonspendable - inventories	8,863
3430	Nonspendable - prepaid items	19,409
3450	Restricted - grants	-
3470	Restricted - capital acquisitions and contractual obligations	-
3480	Restricted - debt service	-
3490	Restricted - other	-
3545	Committed - other	799,809
3550	Assigned - construction	4,563,353
3600	Unassigned	33,468,678
		<hr/>
3000	Total fund balances	38,860,112
		<hr/>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 50,044,417
		<hr/>

The Notes to the Financial Statements are an integral part of this statement.

599	Total	98
Debt Service	Nonmajor	Total
Fund	Funds	Governmental
Funds	Funds	Funds
\$ 5,573	\$ 4,236,238	\$ 4,241,811
5,548,361	216,668	45,486,214
953,186	-	2,879,838
(95,319)	-	(287,984)
-	5,926,835	11,965,989
122,169	498	2,626,215
-	-	18,271
-	81,380	90,243
-	265,880	285,289
6,533,970	10,727,499	67,305,886
\$ 6,533,970	\$ 10,727,499	\$ 67,305,886
\$ -	\$ 2,562,212	\$ 3,379,097
-	-	858,469
-	726,502	4,162,507
-	2,375,516	2,626,502
1,970,253	1,989	6,150,733
-	1,960	1,960
-	-	19,644
-	378,511	378,511
1,970,253	6,046,690	17,577,423
797,451	-	2,421,276
797,451	-	2,421,276
-	81,380	90,243
-	265,880	285,289
-	3,490,630	3,490,630
-	354,517	354,517
3,766,266	-	3,766,266
-	742,324	742,324
-	-	799,809
-	-	4,563,353
-	(253,922)	33,214,756
3,766,266	4,680,809	47,307,187
\$ 6,533,970	\$ 10,727,499	\$ 67,305,886

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South San Antonio Independent School District
 Reconciliation of the Governmental Funds Balance
 Sheet to the Statement of Net Position
 August 31, 2023

Exhibit C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1) \$ 47,307,187

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets, excluding those capital assets reported in the internal service funds, at year-end consists of:

Governmental capital assets costs	\$ 318,853,989	
Accumulated depreciation and amortization of governmental capital assets	<u>(180,623,737)</u>	138,230,252

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures are deferred in the funds.		2,421,276
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Long-term liabilities, including bonds payable, notes payable, leases payable, subscriptions payable, compensated absences, and net pension and OPEB liability, are not due and payable in the current period and, therefore are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds payable, at original par	\$ (120,584,709)	
Premiums on bonds payable	(6,284,765)	
Deferred gain on refunding adjustment	(49,946)	
Deferred charge on refunding adjustment	2,852,225	
Accreted interest on capital appreciation bonds	(12,094,976)	
Accrued interest on bonds	(190,276)	
Leases payable	(248,512)	
Subscriptions payable	(633,435)	
Compensated absences	(1,334,895)	
Notes payable	(10,127,000)	
Premium on notes payable	(138,923)	
Accrued interest on notes	(11,930)	
Net pension liability	(35,293,655)	
Net OPEB liability	<u>(18,449,640)</u>	(202,590,437)

The internal service funds are used by the District to charge the costs of various services to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities:

Group benefits - health care	\$ 631,026	
Print shop	122,201	
Workers' compensation fund	<u>319,518</u>	1,072,745

Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.		16,005,184
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Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		(4,118,955)
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Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.		6,964,434
---	--	-----------

Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		<u>(31,315,427)</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1) \$ (26,023,741)

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 Fiscal Year Ended August 31, 2023

199

Data Control Codes		General Fund
	REVENUES	
5700	Local and intermediate sources	\$ 23,040,622
5800	State program revenues	51,643,184
5900	Federal program revenues	<u>4,379,131</u>
5020	Total revenues	79,062,937
	EXPENDITURES	
	Current:	
0011	Instruction	38,780,351
0012	Instructional resources and media services	1,243,946
0013	Curriculum and instructional staff development	718,973
0021	Instructional leadership	1,333,857
0023	School leadership	5,831,078
0031	Guidance, counseling, and evaluation services	2,770,854
0032	Social work services	345,174
0033	Health services	165,841
0034	Student transportation	1,975,719
0035	Food services	10,922
0036	Cocurricular/extracurricular activities	2,723,839
0041	General administration	2,930,132
0051	Plant maintenance and operations	7,532,507
0052	Security and monitoring services	988,603
0053	Data processing services	1,425,823
0061	Community services	248,558
	Debt service:	
0071	Principal on long-term debt	791,115
0072	Interest on long-term debt	342,481
0073	Issuance costs and fees	6,434
	Capital outlay:	
0081	Facilities acquisition and construction	2,805,731
	Intergovernmental:	
0093	Payments related shares services arrangements	95,705
0095	Payments to juvenile justice alternative education programs	8,151
0099	Other intergovernmental charges	<u>156,292</u>
6030	Total expenditures	<u>73,232,086</u>
1100	Excess (deficiency) of revenues over (under) expenditures	5,830,851
	OTHER FINANCING SOURCES (USES)	
7913	Proceeds from right to use leased assets and subscriptions	497,130
8911	Transfers out	<u>(4,550,000)</u>
7080	Total other financing sources (uses)	<u>(4,052,870)</u>
1200	Net change in fund balances	1,777,981
0100	Fund balances - beginning	<u>37,082,131</u>
3000	FUND BALANCES - ENDING	<u><u>\$ 38,860,112</u></u>

The Notes to the Financial Statements are an integral part of this statement.

599		
<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 12,510,879	\$ 1,038,661	\$ 36,590,162
770,930	2,200,334	54,614,448
480,514	35,146,234	40,005,879
<hr/>		
13,762,323	38,385,229	131,210,489
-	16,269,140	55,049,491
-	86,429	1,330,375
-	3,019,807	3,738,780
-	955,386	2,289,243
-	191,126	6,022,204
-	1,437,872	4,208,726
-	153,862	499,036
-	1,199,780	1,365,621
-	216,316	2,192,035
-	7,279,483	7,290,405
-	110,754	2,834,593
-	289,699	3,219,831
-	3,482,439	11,014,946
-	681,604	1,670,207
-	909,347	2,335,170
-	786,039	1,034,597
5,870,144	159,199	6,820,458
6,818,148	511	7,161,140
27,927	-	34,361
-	685,089	3,490,820
-	-	95,705
-	-	8,151
-	-	156,292
<hr/>		
12,716,219	37,913,882	123,862,187
<hr/>		
1,046,104	471,347	7,348,302
-	435,439	932,569
-	-	(4,550,000)
<hr/>		
-	435,439	(3,617,431)
<hr/>		
1,046,104	906,786	3,730,871
2,720,162	3,774,023	43,576,316
<hr/>		
\$ 3,766,266	\$ 4,680,809	\$ 47,307,187

South San Antonio Independent School District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended August 31, 2023

Exhibit C-2R

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2)	\$	3,730,871
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets are capitalized and allocated over their estimated useful lives as depreciation expense.		
Capital assets increased	\$	3,853,322
Depreciation expense		<u>(10,380,046)</u>
		(6,526,724)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year.		
		205,965
Issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		
Issuance of subscriptions payable		(932,569)
Repayment of principal on long-term det is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayment of bonds payable principle	\$	5,870,144
Repayment of notes payable principle		428,000
Repayment of subscriptions payable principle		299,134
Repayment of leases payable principle		<u>223,180</u>
		6,820,458
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The change reported in the statement of activities consists of the following:		
Accrued interest on bonds payable (increased) decreased	\$	8,759
Interest accreted on the capital appreciation bonds		(1,367,334)
Accreted interest on the capital appreciation bonds paid		2,339,856
Amortization of bond and note premium		1,089,568
Amortization of deferred gain on refunding		4,540
Amortization of deferred charge on refunding		(337,262)
Accrued interest on notes payable increased		<u>4,166</u>
		1,742,293
The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		
		(18,303)
An internal service fund is used by the District to charge the costs of various services to the individual funds. The net activity of the following internal service funds is reported in the government-wide statements:		
Group benefits - health care	\$	137,767
Print shop		122,201
Workers' compensation fund		<u>351,006</u>
		610,974
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	\$	8,028,014
Deferred inflows (increased) decreased		12,570,485
Net pension liability (increased) decreased		<u>(21,762,768)</u>
		(1,164,269)
The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	\$	2,000,245
Deferred inflows (increased) decreased		(8,163,163)
Net OPEB liability (increased) decreased		<u>9,514,941</u>
		3,352,023
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)	\$	<u>7,820,719</u>

The Notes to the Financial Statements are an integral part of this statement.

South San Antonio Independent School District

Statement of Net Position

Proprietary Funds

August 31, 2023

Exhibit D-1

<u>Data Control Codes</u>		<u>Governmental Activities Total Internal Service Funds</u>
	ASSETS	
	Current assets:	
1110	Cash and cash equivalents	\$ 1,832,305
1120	Current investments	341,992
1260	Due from other funds	430
1290	Other receivables	22,037
1410	Prepaid items	5,325
	Total current assets	<u>2,202,089</u>
	Noncurrent assets:	
	Capital assets:	
1530	Furniture and equipment	242,415
1573	Accumulated depreciation - furniture and equipment	<u>(20,201)</u>
	Total noncurrent assets	<u>222,214</u>
1000	Total assets	2,424,303
	LIABILITIES	
	Current liabilities:	
2110	Accounts payable	7,082
2123	Financed purchase liability - due within one year	46,080
2170	Due to other funds	143
2200	Accrued liabilities	<u>1,121,319</u>
	Total current liabilities	1,174,624
	Noncurrent liabilities:	
2590	Financed purchase liability - noncurrent	<u>176,934</u>
	Total noncurrent liabilities	<u>176,934</u>
2000	Total liabilities	1,351,558
	NET POSITION	
3900	Unrestricted	<u>1,072,745</u>
3000	TOTAL NET POSITION	<u><u>\$ 1,072,745</u></u>

The Notes to the Financial Statements are an integral part of this statement.

South San Antonio Independent School District
Statement of Revenues, Expenses, and Changes
in Net Position – Proprietary Funds
For the Fiscal Year Ended August 31, 2023

Exhibit D-2

<u>Data Control Codes</u>		<u>Governmental Activities Total Internal Service Funds</u>
	OPERATING REVENUES	
5700	Local and Intermediate Sources	\$ 6,216,152
5020	Total operating revenues	6,216,152
	OPERATING EXPENSES	
6100	Payroll costs	103,078
6200	Professional and contracted services	1,414,538
6300	Supplies and materials	30,120
6400	Other operating costs	8,605,118
6500	Debt service	2,324
6030	Total operating expenses	10,155,178
1100	Operating loss	(3,939,026)
	Income before contributions and transfers	(3,939,026)
7915	Transfers in	4,550,000
1200	Change in net position	610,974
0100	Net position - beginning	461,771
3000	NET POSITION - ENDING	<u>\$ 1,072,745</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 Fiscal Year Ended August 31, 2023

Exhibit D-3

	Governmental Activities
	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from services provided	\$ 6,193,679
Cash payments for claims and administrative services	(9,662,067)
Cash payments for goods and services	(20,928)
Cash payments to employees for services	(103,078)
	<hr/>
Net cash used by operating activities	(3,592,394)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	4,550,000
	<hr/>
Net cash provided by noncapital financing activities	4,550,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Financed purchase payments	(19,401)
	<hr/>
Net cash used by capital and related financing activities	(19,401)
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	84,917
	<hr/>
Net cash provided by investing activities	84,917
	<hr/>
Net increase in cash and cash equivalents	1,023,122
Cash and cash equivalents - beginning	809,183
	<hr/>
CASH AND CASH EQUIVALENTS - ENDING	\$ 1,832,305
	<hr/> <hr/>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (3,939,026)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	20,201
Change in:	
Due from other funds	(430)
Other receivables	(22,037)
Prepaid items	(2,314)
Accounts payable	(11,826)
Claims payable	363,044
Due to other funds	(6)
	<hr/>
NET CASH USED BY OPERATING ACTIVITIES	\$ (3,592,394)
	<hr/> <hr/>

The Notes to the Financial statements are an integral part of this statement.

South San Antonio Independent School District

Exhibit E-1

Statement of Net Position
 Fiduciary Funds
 August 31, 2023

	Trust Fund	Custodial Funds
	Private Purpose Trust Fund	Total Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 14,600	\$ 255,255
Total assets	14,600	255,255
LIABILITIES		
Accounts payable	-	5,791
Total liabilities	-	5,791
NET POSITION		
Restricted for:		
Private purpose	14,600	-
For individuals and organizations	-	249,464
TOTAL NET POSITION	\$ 14,600	\$ 249,464

The Notes to the Financial statements are an integral part of this statement.

South San Antonio Independent School District

Exhibit E-2

Statement of Changes in Net Position

Fiduciary Funds

August 31, 2023

	<u>Trust Fund</u>	<u>Custodial Funds</u>
	<u>Private Purpose Trust Fund</u>	<u>Total Custodial Funds</u>
ADDITIONS		
Contributions or gifts	\$ -	\$ 24,686
Fundraising activity	-	203,387
Student club fees	-	28,141
Other	-	12,945
	<hr/>	<hr/>
Total additions	-	269,159
DEDUCTIONS		
Student activities	-	257,627
Administrative expense	-	2,876
Other	-	934
	<hr/>	<hr/>
Total deductions	-	261,437
	<hr/>	<hr/>
Net change in fiduciary net position	-	7,722
Net position - beginning of year	<hr/>	<hr/>
	14,600	241,742
NET POSITION - ENDING	<hr/>	<hr/>
	\$ 14,600	\$ 249,464
	<hr/>	<hr/>

The Notes to the Financial statements are an integral part of this statement.

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South San Antonio Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. 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 7,900 students in 10 elementary schools, 4 middle schools, and 2 high schools.

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

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

B. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

South San Antonio Independent School District

Notes to the Financial Statements

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account for the proceeds of specific revenue sources (other than those identified as a major fund) that are restricted for committed to expenditures for specific purposes.

The *capital projects funds* account for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.

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

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

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

South San Antonio Independent School District

Notes to the Financial Statements

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases and subscriptions are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and bank demand or time deposits with original maturities of three months or less from the date of acquisition.

2. Deposits and Investments

Investments for the District, except for certain investment pools and non-negotiable certificates of deposit, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or fair value.

3. Inventories and Prepaid Items

Inventories are valued at cost using the weighted average cost and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

South San Antonio Independent School District

Notes to the Financial Statements

4. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, furniture and equipment, and right-to-use assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

In the case of the initial capitalization of general infrastructure assets, the District was able to estimate the historical cost for the initial reporting of these assets through back trending. As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and improvements and construction in progress are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and improvements	15-30
Furniture and equipment	3-7

5. Leases

The District is a lessee for noncancellable leases of vehicles and equipment. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

South San Antonio Independent School District

Notes to the Financial Statements

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

6. Subscription-Based Information Technology Arrangements (SBITAs)

The District has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The District recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the District is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

7. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

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Notes to the Financial Statements

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes and other unavailable revenues are recognized in the period the amount becomes available.

8. Compensated Absences

It is the District's policy to pay an employee who separates from employment with the District for accumulated state leave given that the employee's separation from employment is voluntary, the employee provides written notice of intent to separate from employment two weeks prior to separation, and the employee has at least ten years of service with the District. The employee shall receive payment for each day of accumulated state leave, to a maximum of 100 days, at a rate established by the Board. All compensated absences are accrued when incurred under the applicable policies in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employees' separation from the District.

9. Net Position Flow Assumption

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

10. Fund Balance Flow Assumptions

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

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees (the Board) is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action or resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

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Notes to the Financial Statements

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by policy, authorized the superintendent or designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

12. Pension

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

13. Other Postemployment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment 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.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property values are determined by the Bexar County Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District adopts its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of January 1 of each year. Additionally, the District offers taxpayers the option of paying taxes in two installments. If this option is elected, the first half must be paid by November 30 and the final payment is due by June 30. Under this option, taxes are not delinquent until July 1.

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Notes to the Financial Statements

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are sales of services provided. Operating expenses for the enterprise funds include payroll cost, professional and contracted services, and other operating costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

H. Use of Estimates

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

I. Data Control Codes

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

J. Implementation of New Accounting Standards

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (GASB 96)*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset - and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments; and 4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. GASB 96 was implemented in the District's 2023 financial statements with no impact to amounts previously reported.

K. Recent Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences (GASB 101)*, improves the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

South San Antonio Independent School District

Notes to the Financial Statements

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund and *National School Breakfast/Lunch Program* special revenue fund. All annual appropriations lapse at fiscal year end. The following procedures are followed in establishing the budgetary data reflected in the 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 after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. As of August 31, 2023, the District does not have any outstanding encumbrances.

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

South San Antonio Independent School District

Notes to the Financial Statements

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Fully collateralized repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program as permitted by Government Code 2256.0115; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper if it has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit rating agencies or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission and have an dollar-weighted average stated maturity of 90 days or fewer; 8) No-load mutual funds which shall be registered with the Securities and Exchange Commission, have an average weighted maturity of less than two years, include investments that comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 9) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 10) Public funds investment pools which meet the requirements of the Public Funds Investment Act.

The District's investments are in investment pools, are measured at amortized cost or Net Asset Value (NAV), and are not required to be categorized in the fair value hierarchy as presented in the table below. The District's investment balances, weighted average maturity, and credit risk of such investments are as follows:

All District Funds' Investment Type	Primary Government	Percent of Total Investments	Weighted Average Maturity (Days)	Weighted Average Credit Risk
Investments measured at amortized cost:				
Investment pools:				
Lone Star - Government Overnight Fund	\$ 44,530,296	97.2%	89	AAAm*
TexPool	38,880	0.1%	23	AAAm*
Texas Range - Texas DAILY	171,747	0.4%	36	AAAmf**
Investments measured at Net Asset Value (NAV):				
Investment pools:				
Lone Star - Corporate Overnight Plus Fund	36,434	0.1%	84	AAAf/S1+*
Texas CLASS	1,050,849	2.3%	68	AAAm*
Total value	\$ 45,828,206	100%		
Portfolio weighted average maturity			88	

* Standard & Poor's rating

** Fitch rating

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

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

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

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Hermes, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

The investment pool transacts at a net asset value of \$1.00 per share, has a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, a subsidiary of the Texas Association of School Boards, and managed by Mellon Investments Corporation and American Beacon Advisors. State Street Bank and Trust Company is the custodial bank.

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The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

The objective of the Lone Star Government Overnight Fund is to provide safety of principal, daily liquidity, and the highest possible rate of return. The fund seeks to maintain a net asset value of one dollar, and its dollar-weighted average maturity is 60 days or fewer. The fund may invest in obligations of the U.S. or its agencies and instrumentalities; other obligations guaranteed or insured by the U.S. or its agencies and instrumentalities; fully collateralized repurchase agreements having a defined termination date and secured by obligations of the U.S. or its agencies and instrumentalities; reverse repurchase agreements authorized under the Public Funds Investment Act; and SEC-regulated no-load money market mutual funds.

The objective of the Lone Star Corporate Overnight Plus Fund is to provide safety of principal, daily liquidity, and the highest possible rate of return. This fund seeks to maintain a net asset value of one dollar, and its dollar-weighted average maturity is 120 days or fewer. The fund may invest in all securities authorized under the Public Funds Investment Act; however, the fund has additional restrictions for SEC regulated money market mutual funds and fully collateralized repurchase agreements.

Texas CLASS was created in accordance with the requirements contained in section 2256.016 of the Public Funds Investment Act (PFIA). The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank, N.A. as Custodian.

Texas CLASS is an external investment pool measured at fair value, i.e. net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Texas CLASS portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper.

The Texas Range Investment Program "the Pool" was organized as the TexasTERM Local Government Investment Pool in conformity with the State of Texas Interlocal Cooperation Act and is administered by PFM Asset Management, LLC. U.S. Bank serves at the Pool's custodial bank. The Pool operates three separate investment Portfolios, Texas DAILY, Texas DAILY Select and Texas TERM.

The primary objective of the Texas DAILY portfolio is to produce the highest income consistent with preserving principal and maintaining liquidity. The portfolio will maintain a dollar-weighted average maturity that does not exceed 60 days and seeks to maintain a net asset value of \$1.00 per share. Texas DAILY may invest in securities including: obligations of the United States or its agencies and instrumentalities, obligations that are fully guaranteed or insured by the FDIC or the United States, certificates of deposit issued by FDIC insured banks, money-market mutual funds, and repurchase agreements involving obligations of the United States or its agencies and instrumentalities which meet the requirements of the Public Funds Investment Act.

South San Antonio Independent School District

Notes to the Financial Statements

The Texas DAILY portfolio has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Credit Risk

At year-end, the District's investments were rated as noted in the table on the previous page. All credit ratings met acceptable levels required by legal guidelines prescribed in both the PFA and the District's investment policy.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis and specific identification. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any other individual investment not to exceed two years from the time of purchase, unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk

The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2023, District's deposits were not exposed to custodial credit risk because such balances were insured and collateralized with securities held by the District's agent in the District's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. District policy requires investments to be in the District's name or held by the District's agent in the District's name. The District is not exposed to custodial risk as the investments are in the District's name or held by the District's agent in the District's name.

B. Receivables

Tax revenues of the general and debt service funds are reported net of estimated uncollectible amounts. Total change in uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Change in uncollectibles related to general fund property taxes	\$	30,593
Change in uncollectibles related to debt service property taxes		<u>21,332</u>
Total change in uncollectibles of the current fiscal year	\$	<u>51,925</u>

Approximately 73% of the delinquent outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

South San Antonio Independent School District

Notes to the Financial Statements

C. Interfund Receivables, Payables, and Transfers

1. Receivables/Payables

The composition of interfund balances as of August 31, 2023, is as follows:

	Interfund Receivables	Interfund Payables
Governmental funds:		
General fund	\$ 2,503,548	\$ 250,986
Debt service fund	122,169	-
Internal service funds	430	143
Nonmajor governmental funds	498	2,375,516
Total governmental funds	\$ 2,626,645	\$ 2,626,645

The Due From balances in the General Fund from the Non-Major Governmental Funds are the result of utilizing a pooled cash account. As funds are expended for the benefit of the Non-Major Governmental Funds, the District subsequently submits a reimbursement from the grantor and funds are reimbursed. The Due From balances in the General Fund from the Internal Service Funds and the Due From balances in the Debt Service from the General Fund are the result of temporary lending between funds.

2. Transfers

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The District recorded the transfers below for the fiscal year ended August 31, 2023 from the General Fund to the Internal Service Funds to fund the operations of those funds.

Funds	Transfers In	Transfers Out
General fund	\$ -	\$ 4,550,000
Internal service funds	4,550,000	-
Totals	\$ 4,550,000	\$ 4,550,000

South San Antonio Independent School District

Notes to the Financial Statements

D. Capital Assets

Capital asset activity for the fiscal year ended August 31, 2023 was as follows:

	Beginning Balance	Additions	Transfers, Adjustments and Dispositions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated and amortized:				
Land and improvements	\$ 2,796,842	\$ -	\$ -	\$ 2,796,842
Construction in progress	799,088	1,310,313	(631,150)	1,478,251
Total capital assets, not being depreciated and amortized	3,595,930	1,310,313	(631,150)	4,275,093
Capital assets, being depreciated and amortized:				
Buildings and improvements	289,304,695	1,247,938	631,150	291,183,783
Furniture and equipment	21,484,296	604,918	-	22,089,214
Equipment and vehicle leases, right-to-use assets	615,746	-	-	615,746
Software subscriptions, right-to-use assets	-	932,568	-	932,568
Total capital assets, being depreciated and amortized	311,404,737	2,785,424	631,150	314,821,311
Less accumulated depreciation and amortization for:				
Buildings and improvements	(151,980,433)	(8,838,729)	-	(160,819,162)
Furniture and equipment	(18,110,825)	(959,216)	-	(19,070,041)
Equipment and vehicle leases, right-to-use assets	(152,433)	(229,688)	-	(382,121)
Software subscriptions, right-to-use assets	-	(372,614)	-	(372,614)
Total accumulated depreciation and amortization	(170,243,691)	(10,400,247)	-	(180,643,938)
Total capital assets, being depreciated and amortized, net	141,161,046	(7,614,823)	631,150	134,177,373
Governmental activities capital assets, net	\$ 144,756,976	\$ (6,304,510)	\$ -	\$ 138,452,466

Depreciation and amortization expense of the governmental activities was charged to functions/programs of the District as follows:

Governmental activities:	
11 Instruction	\$ 6,720,426
12 Instructional resources and media services	174,783
13 Curriculum and instructional staff development	34,406
21 Instructional leadership	176,537
23 School leadership	711,243
31 Guidance, counseling, and evaluation services	336,416
33 Health services	120,436
34 Student transportation	421,108
35 Food services	239,386
36 Cocurricular/extracurricular activities	159,756
41 General administration	224,948
51 Plant maintenance and operations	794,830
52 Security and monitoring services	59,173
53 Data processing services	222,912
61 Community services	3,887
Total depreciation and amortization expense-governmental activities	\$ 10,400,247

South San Antonio Independent School District

Notes to the Financial Statements

Construction Commitments

The District has active construction projects as of August 31, 2023. The projects include the construction and equipment of school facilities. At year-end, the District did not have additional commitments with contractors as the ongoing projects were either in the planning phase or near completion.

E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, maintenance tax notes, leases payable, subscriptions payable, compensated absences, and net pension and OPEB liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended August 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 126,454,853	\$ -	\$ (5,870,144)	\$ 120,584,709	\$ 8,208,000
Accreted interest on capital appreciation bonds	13,067,498	1,367,334	(2,339,856)	12,094,976	-
Issuance premiums	7,366,604	-	(1,081,839)	6,284,765	950,782
Total bonds payable, net	146,888,955	1,367,334	(9,291,839)	138,964,450	9,158,782
Maintenance tax notes	10,555,000	-	(428,000)	10,127,000	717,000
Issuance premiums	146,654	-	(7,731)	138,923	7,752
Leases payable	471,692	-	(223,180)	248,512	234,165
Subscriptions payable	-	932,569	(299,134)	633,435	254,794
Financed purchase liability	-	242,415	(19,401)	223,014	46,080
Compensated absences	1,316,592	167,876	(149,573)	1,334,895	-
Net pension liability	13,530,887	24,536,859	(2,774,091)	35,293,655	-
Net OPEB liability	27,964,581	2,511,904	(12,026,845)	18,449,640	-
Governmental activities total long-term liabilities	\$ 200,874,361	\$ 29,758,957	\$ (25,219,794)	\$ 205,413,524	\$ 10,418,573

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG) and to refund general obligation bonds (REF). General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 11-25 year current interest or capital appreciation bonds (CAB) with various amounts of principal maturing each year. Rates may be fixed or variable.

South San Antonio Independent School District

Notes to the Financial Statements

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
Unlimited Tax School Building Bonds							
Series 2005	3.25 - 5%	\$ 40,500,000	2030	\$ 7,510,000	\$ -	\$ -	\$ 7,510,000
Unlimited Tax Qualified School Construction Bonds							
Series 2010	5.19%	9,785,000	2027	9,785,000	-	-	9,785,000
Unlimited Tax School Refunding Bonds							
Series 2011	3 - 3.6%	8,680,000	2023	205,000	-	(205,000)	-
Series 2013	2 - 5%	18,815,000	2035	8,365,000	-	(1,375,000)	6,990,000
Series 2014	4 - 5%	25,380,000	2037	25,380,000	-	(1,240,000)	24,140,000
Series 2019A	4%	11,460,000	2029	11,460,000	-	(1,445,000)	10,015,000
Series 2019B	4%	18,360,000	2034	18,240,000	-	-	18,240,000
Series 2019C	3.5 - 4%	9,185,000	2029	430,000	-	(60,000)	370,000
Series 2020	3 - 4%	5,340,000	2031	5,340,000	-	-	5,340,000
Series 2022	3 - 4%	24,220,000	2037	24,220,000	-	-	24,220,000
Capital Appreciation Bonds							
Series 2010	3.25 - 5.02%	22,116,909	2035	15,514,863	-	(1,540,154)	13,974,709
Series 2011	3.50%	4,990	2023	4,990	-	(4,990)	-
Grand total				\$ 126,454,853	\$ -	\$ (5,870,144)	\$ 120,584,709

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

Year Ending August 31,	Principal Value At Maturity	Interest	Total Requirements
2024	\$ 8,208,000	\$ 4,281,192	\$ 12,489,192
2025	8,523,000	4,033,592	12,556,592
2026	8,842,000	3,789,192	12,631,192
2027	9,252,000	3,534,792	12,786,792
2028	8,028,712	4,369,088	12,397,800
2029-2033	37,712,010	27,027,316	64,739,326
2034-2037	40,018,987	10,088,313	50,107,300
Totals	\$ 120,584,709	\$ 57,123,485	\$ 177,708,194

As of August 31, 2023, the District had no authorized but unissued bonds.

In prior years, the District defeased certain outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the District's financial statements. As of August 31, 2023, there were no outstanding defeased bonds.

South San Antonio Independent School District

Notes to the Financial Statements

Maintenance Tax Notes

The District has entered into various Maintenance Tax Notes to pay for energy conservation measures such as lighting upgrades, EMS optimization, ventilation control and power conditioning. The following is a summary of changes in the maintenance tax notes for the fiscal year.

Series	Interest Rate	Amounts Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
Maintenance Tax Notes:							
Series 2020	0.81 - 1.45%	2,000,000	2030	\$ 1,950,000	\$ -	\$ (25,000)	\$ 1,925,000
Series 2021	0.86 - 1.83%	4,000,000	2031	3,620,000	-	(383,000)	3,237,000
Series 2022	3 - 5%	4,985,000	2041	4,985,000	-	(20,000)	4,965,000
Grand total				\$ 10,555,000	\$ -	\$ (428,000)	\$ 10,127,000

Annual debt service requirements to maturity for maintenance tax notes are as follows:

Year Ending August 31,	Principal Value At Maturity	Interest	Total Requirements
2024	\$ 717,000	\$ 268,431	\$ 985,431
2025	726,000	260,173	986,173
2026	735,000	251,068	986,068
2027	745,000	240,971	985,971
2028	756,000	230,056	986,056
2029-2033	3,003,000	942,599	3,945,599
2034-2038	2,025,000	533,000	2,558,000
2039-2041	1,420,000	115,000	1,535,000
Totals	\$ 10,127,000	\$ 2,841,298	\$ 12,968,298

Leases Payable

The District has entered into lease agreements as lessee. The leases allow the right to use vehicles and copiers over the term of the lease. The District is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the leases. The lease rate, term and ending lease liability are as follows:

	Interest Rate(s)	Liability at Commencement	Lease Term in Years	Ending Balance
Governmental activities				
Copiers	7%	\$ 469,791	3.0	\$ 180,161
Vehicles	6.63 - 6.64%	145,955	2.0	68,351
Total governmental activities				\$ 248,512

South San Antonio Independent School District

Notes to the Financial Statements

The future principal and interest lease payments as of fiscal year end are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2024	\$ 234,165	\$ 9,673	\$ 243,838
2025	14,347	84	14,431
Totals	\$ 248,512	\$ 9,757	\$ 258,269

The value of the right-to-use lease assets as of the end of the current fiscal year was \$615,746 and had accumulated amortization of \$382,121.

The District also entered into a financed purchase agreement for print shop equipment that runs through March 31, 2028. The District is required to make monthly payments with an interest rate of 3%, with an initial liability of \$242,415. The value of the equipment as of the end of the current fiscal year was \$242,415 and had accumulated depreciation of \$20,201.

Subscription Based Information Technology Arrangements (SBITAs)

The District has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The District is required to make annual payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The SBITA rate, term and ending subscription liability are as follows:

	Interest Rate	Liability at Commencement	Subscription Term in Years	Ending Balance
Governmental activities				
Software subscriptions	7%	\$ 932,568	3 - 5	\$ 633,435
Total governmental activities				\$ 633,435

The future subscription liability principal and interest payments as of fiscal year end are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2024	\$ 254,794	\$ 44,340	\$ 299,134
2025	272,629	26,505	299,134
2026	51,214	7,421	58,635
2027	54,798	3,836	58,634
Totals	\$ 633,435	\$ 82,102	\$ 715,537

The value of the right-to-use subscription assets as of the end of the current fiscal year was \$932,568 and had accumulated amortization of \$372,614.

South San Antonio Independent School District

Notes to the Financial Statements

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

General fund:	
Tax subsidy	\$ 799,809
Total committed for other purposes	\$ 799,809

G. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Nonmajor Funds	Totals
Property taxes	\$ 20,841,359	\$ 12,108,646	\$ -	\$ 32,950,005
Charges for services	187,563	-	184,782	372,345
Investment earnings	1,873,839	402,233	11,324	2,287,396
Other	137,861	-	842,555	980,416
Totals	\$ 23,040,622	\$ 12,510,879	\$ 1,038,661	\$ 36,590,162

Note 4. Other Information

A. Risk Management

Property/Liability

The District is exposed to various risks related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty and liability coverage through the participation in a risk pool. Settled claims have not exceeded insurance coverage in any of the three previous fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.

Health Insurance

During the period ended August 31, 2023, employees of the District were covered by a self-insured health insurance plan (The Health Plan). The Health Plan is accounted for through an internal service fund. The District made contributions to cover the employees and the employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third-party administrator acting on behalf of the District. The Health Plan was authorized by state statute and was documented by contractual agreement. The contract between the District and the third-party administrator is renewable annually.

In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage up to \$200,000 per individual carried through a commercial insurer licensed to do business in Texas in accordance with the Texas Insurance Code. Estimates of claims payable and of claims incurred but not reported at August 31, 2023, are reflected as accrued expenses of the respective internal service fund. The liabilities include an amount for claims that have been incurred but were not reported until after August 31, 2023. Because actual claims liabilities depend on such complex factors as inflation, changes in legal requirements and damage awards, the process used in computing claims liability is an estimate.

South San Antonio Independent School District

Notes to the Financial Statements

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended 8/31/2023	Year Ended 8/31/2022
Unpaid claims, beginning of fiscal year	\$ 443,761	\$ 342,548
Provision for claims		
Incurred claims, including provision (adjustment) for IBNR	8,187,544	8,217,166
Claim payments	<u>(7,950,233)</u>	<u>(8,115,953)</u>
Unpaid claims, end of fiscal year	<u>\$ 681,072</u>	<u>\$ 443,761</u>

Workers' Compensation

During the period ended August 31, 2023, employees of the District were covered by a self-funded workers' compensation insurance plan (the Plan). The District currently utilizes an internal service fund's fund balance to pay for the workers' compensation claims. A third-party administrator acts on behalf of the District to administer claims filed against the self-funded pool. The contract was authorized under the rules of the Texas Insurance Code and was documented by contractual agreement. This contract between the District and the third-party administrator is renewable annually and terms of coverage and premium costs are included in the contractual provision.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other non-incremental claims adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$500,000 and an annual employer's maximum limit of \$1,000,000.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended 8/31/2023	Year Ended 8/31/2022
Unpaid claims, beginning of fiscal year	\$ 314,514	\$ 269,580
Provision for claims		
Incurred claims, including provision (adjustment) for IBNR	391,798	220,685
Claim payments	<u>(266,065)</u>	<u>(175,751)</u>
Unpaid claims, end of fiscal year	<u>\$ 440,247</u>	<u>\$ 314,514</u>

South San Antonio Independent School District

Notes to the Financial Statements

B. Litigation and Contingencies

The District is a defendant in various legal claims arising principally in its normal course of operations. In the opinion of the District's management, such claims will not have a material effect of the District's financial position, results of operations or liquidity.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2023, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Defined Benefit Pension Plan

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) and 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 the system.

Pension Plan Fiduciary Net Position

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

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (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 where 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 postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.

South San Antonio Independent School District

Notes to the Financial Statements

Contributions

Contribution requirements are established or amended pursuant to Article XVI, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Rates for the District's current and prior fiscal years are as follows:

	Contribution Rates	
	2023	2022
Member	8.00%	8.00%
Non-employer contribution entity (State)	8.00%	7.75%
Employers (District)	8.00%	7.75%

The contribution amounts for the District's fiscal year 2023 are as follows:

District contributions	\$	3,045,414
Member contributions		4,913,931
NECE on-behalf contributions (State)		2,807,735

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

South San Antonio Independent School District

Notes to the Financial Statements

In addition to the employer contributions listed above, there are two 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.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2.0% in fiscal year 2025.

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

On August 31, 2023, the District reported a liability of \$35,293,655 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 are as follows:

District's proportionate share of the net pension liability	\$ 35,293,655
State's proportionate share of the net pension liability associated with the District	<u>34,432,568</u>
Total	<u><u>\$ 69,726,223</u></u>

The net pension liability was measured as of August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2021 rolled forward to August 31, 2022. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At the measurement date of August 31, 2022, the District's proportion of the collective net pension liability was 0.0594495271%., which was an increase of 0.0063173425% from its proportion measured as of August 31, 2021.

For the fiscal year ended August 31, 2023, the District recognized pension expense and revenue of \$2,706,409 for support provided by the State.

On August 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 511,755	\$ 769,469
Changes of assumptions	6,576,357	1,639,012
Difference between projected and actual earnings on pension plan investments	3,486,900	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	2,384,758	1,710,474
District contributions paid subsequent to the measurement date	<u>3,045,414</u>	<u>-</u>
Totals	<u><u>\$ 16,005,184</u></u>	<u><u>\$ 4,118,955</u></u>

South San Antonio Independent School District

Notes to the Financial Statements

\$3,045,414 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ending August 31,	
2024	\$ 2,191,334
2025	1,041,935
2026	372,929
2027	4,367,507
2028	867,110
Total	\$ 8,840,815

Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2022. Update procedures were used to roll forward the total pension liability to August 31, 2023 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected rate of return	7.00%
Municipal bond rate as of August 2022	3.91%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2121
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None
Active mortality rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2021 and adopted in July 2022.

South San Antonio Independent School District

Notes to the Financial Statements

Discount Rate and Long-term Expected Rate of Return

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature in the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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 expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2022 are summarized below:

Asset Class	Target Allocation %**	Long-term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.00%	4.60%	1.12%
Non-U.S. developed	13.00%	4.90%	0.90%
Emerging markets	9.00%	5.40%	0.75%
Private equity*	14.00%	7.70%	1.55%
Stable value:			
Government bonds	16.00%	1.00%	0.22%
Absolute return*	-	3.70%	-
Stable value hedge funds	5.00%	3.40%	0.18%
Real return:			
Real estate	15.00%	4.10%	0.94%
Energy, natural resources and infrastructure	6.00%	5.10%	0.37%
Commodities	-	3.60%	-
Risk parity:			
Risk parity	8.00%	4.60%	0.43%
Asset allocation leverage:			
Cash	2.00%	3.00%	0.01%
Asset allocation leverage	-6.00%	3.60%	-0.05%
Inflation expectation			2.70%
Volatility drag****			-0.91%
Total	100.00%		8.21%

* Absolute return includes credit sensitive investments.

** Target allocations are based on the FY 2022 policy model.

*** Capital market assumptions come from Aon Hewitt (as of 8/31/2022).

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

South San Antonio Independent School District

Notes to the Financial Statements

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 54,903,546	\$ 35,293,655	\$ 19,398,919

Change of Assumptions Since the Prior Measurement Date

New assumptions were adopted in conjunction with an actuarial experience study since the prior measurement date that affected measurement of the total pension liability during the measurement period. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

Change of Benefit Terms Since the Prior Measurement Date

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

D. Defined Other Postemployment Benefit Plan

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Postemployment Benefit (OPEB) plan that has a special funding situation. TRS-Care was established in 1986 by the Texas Legislature and is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees in accordance with the Texas Insurance Code, Chapter 1575. The Board may adopt rules, plans, procedures and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position

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

Benefits Provided

TRS-Care provides health insurance coverage to 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 non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. 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 of TRS is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052.

South San Antonio Independent School District

Notes to the Financial Statements

The premium rates for retirees are reflected in the following table:

TRS-Care Monthly Plan Premium Rates

	Medicare	Non-medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

Contributions

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

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for the District's current and prior fiscal years are as follows:

	Contribution Rates	
	2023	2022
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

* Contributions paid from federal funds and private grants are remitted by the employer (District) and paid at the State rate.

The contribution amounts for the District's fiscal year 2023 are as follows:

District contributions	\$ 658,889
Member contributions	399,258
NECE on-behalf contributions (State)	581,325

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

The State of Texas also contributed \$334,290, \$254,527, and \$525,727 in 2023, 2022, and 2021, respectively, for on-behalf payments for Medicare Part D.

South San Antonio Independent School District

Notes to the Financial Statements

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19 related health care costs during fiscal year 2022.

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

On August 31, 2023, the District reported a liability of \$18,449,640 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	\$ 18,449,640
State's proportionate share of the net OPEB liability associated with the District	<u>22,505,662</u>
Total	<u>\$ 40,955,302</u>

The net OPEB liability was measured as of August 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of August 31, 2021 rolled forward to August 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At the measurement date of August 31, 2022, the employer's proportion of the collective net OPEB liability was 0.0770532743% which was an increase of 0.005582226% from its proportion measured as of August 31, 2021.

For the fiscal year ended August 31, 2023, the District recognized OPEB expense and revenue of \$772,002 for support provided by the State.

On August 31, 2023, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 1,025,735	\$ 15,370,206
Changes of assumptions	2,810,246	12,817,712
Difference between projected and actual earnings on OPEB plan investments	54,957	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	2,414,607	3,127,509
District contributions paid subsequent to the measurement date	<u>658,889</u>	<u> </u>
Totals	<u>\$ 6,964,434</u>	<u>\$ 31,315,427</u>

South San Antonio Independent School District

Notes to the Financial Statements

\$658,889 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB revenue as follows:

Year Ending August 31,	
2024	\$ (4,794,395)
2025	(4,794,198)
2026	(4,011,816)
2027	(2,952,601)
2028	(3,100,156)
Thereafter	<u>(5,356,716)</u>
Total	\$ <u>(25,009,882)</u>

Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2021. Update procedures were used to roll forward the total OPEB liability to August 31, 2022.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	
Rates of disability	

See Note 4.C. for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

South San Antonio Independent School District

Notes to the Financial Statements

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	3.91%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 62% participation rate prior to age 65 and 25% after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

Discount Rate

A single discount rate of 3.91% was used to measure the total OPEB liability at August 31, 2022. This was an increase of 1.96% in the discount rate since the August 31, 2021 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current plan members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2022.

Sensitivity Analysis of Rates

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the net OPEB liability.

	1% Decrease (2.91%)	Current Discount Rate (3.91%)	1% Increase (4.91%)
District's proportionate share of the net OPEB liability	\$ 21,753,589	\$ 18,449,640	\$ 15,773,018

South San Antonio Independent School District

Notes to the Financial Statements

Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 15,202,047	\$ 18,449,640	\$ 22,659,027

Change of Assumptions Since the Prior Measurement Date

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

- The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the total OPEB liability.
- Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the total OPEB liability.

Change of Benefit Terms Since the Prior Measurement Date

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

E. Nonmonetary Transactions

During the year ended August 31, 2023, the District received goods purchased by the State of Texas for the benefit of the District through the Technology and Instructional Materials Allotment program. The instructional materials have been recorded in the amount of \$385,128 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

During the year ended August 31, 2023, the District received goods purchased by the Texas Department of Agriculture (TDA) through the Food Distribution Program (commodities) as part of the National School Lunch Program (NSLP). These commodities have been recorded in the amount of \$394,329 in a special revenue fund as federal revenues, which represents the amount of consideration given by TDA. In addition, the District received \$38,947 in commodities through the Department of Defense (DoD) Fresh Program, which is also part of the NSLP.

During the year ended August 31, 2023, the District entered into a lease agreement that allows the District to use printers over the term of the lease for the District's print shop. The District has elected to exercise the option to purchase the printers at the end of the lease term, therefore this transaction has been recorded in an internal service fund as a financed purchase. The printers were capitalized in the amount of \$242,415 and a related financed purchase liability was recorded. The printer are included in the internal service funds' Furniture and Equipment balance in the funds' Statement of Net Position.

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 Fiscal Year Ended August 31, 2023

Exhibit G-1

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		Positive (Negative)
REVENUES					
5700	Local and intermediate sources	\$ 20,324,100	\$ 22,749,100	\$ 23,040,622	\$ 291,522
5800	State program revenues	47,607,278	50,599,310	51,643,184	1,043,874
5900	Federal program revenues	4,050,000	4,093,576	4,379,131	285,555
5020	Total revenues	71,981,378	77,441,986	79,062,937	1,620,951
EXPENDITURES					
Current:					
0011	Instruction	42,401,482	39,008,143	38,780,351	227,792
0012	Instructional resources and media services	1,356,849	1,411,825	1,243,946	167,879
0013	Curriculum and instructional staff development	628,184	768,554	718,973	49,581
0021	Instructional leadership	1,144,315	1,600,165	1,333,857	266,308
0023	School leadership	6,107,006	6,278,478	5,831,078	447,400
0031	Guidance, counseling, and evaluation services	1,771,935	3,334,656	2,770,854	563,802
0032	Social work services	425,109	395,109	345,174	49,935
0033	Health services	202,143	276,187	165,841	110,346
0034	Student transportation	1,832,488	2,208,995	1,975,719	233,276
0035	Food services	-	20,000	10,922	9,078
0036	Cocurricular/extracurricular activities	2,697,190	3,157,769	2,723,839	433,930
0041	General administration	2,673,838	3,302,284	2,930,132	372,152
0051	Plant maintenance and operations	7,158,759	8,173,831	7,532,507	641,324
0052	Security and monitoring services	629,970	1,066,993	988,603	78,390
0053	Data processing services	1,690,204	1,735,204	1,425,823	309,381
0061	Community services	276,475	320,813	248,558	72,255
Debt service:					
0071	Principal on long-term debt	428,000	828,000	791,115	36,885
0072	Interest on long-term debt	317,431	416,830	342,481	74,349
0073	Issuance costs and fees	-	4,776	6,434	(1,658)
Capital outlay:					
0081	Facilities acquisition and construction	-	6,008,106	2,805,731	3,202,375
Intergovernmental:					
0093	Payments related shares services arrangements	70,000	95,705	95,705	-
0095	Payments to juvenile justice alternative education programs	20,000	35,000	8,151	26,849
0099	Other intergovernmental charges	150,000	186,292	156,292	30,000
6030	Total expenditures	71,981,378	80,633,715	73,232,086	7,401,629
1100	Excess (deficiency) of revenues over (under) expenditures	-	(3,191,729)	5,830,851	9,022,580
OTHER FINANCING SOURCES (USES)					
7913	Proceeds from right to use leased assets and subscriptions	-	-	497,130	497,130
8911	Transfers out	-	(4,550,000)	(4,550,000)	-
7080	Total other financing sources (uses)	-	(4,550,000)	(4,052,870)	497,130
1200	Net change in fund balance	-	(7,741,729)	1,777,981	9,519,710
0100	Fund balance - beginning	37,082,131	37,082,131	37,082,131	-
3000	FUND BALANCE - ENDING	\$ 37,082,131	\$ 29,340,402	\$ 38,860,112	\$ 9,519,710

The Notes to the Required Supplementary Information are an integral part of this schedule.

South San Antonio Independent School District

Exhibit G-2

Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan Teacher Retirement System of Texas For the Last Nine Fiscal Years*

Year	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.0594495%	\$ 35,293,655	\$ 34,432,568	\$ 69,726,223	\$ 60,287,791	58.54%	75.62%
2022	0.0531322%	13,530,887	19,605,959	33,136,846	62,810,123	21.54%	88.79%
2021	0.0535488%	28,679,643	42,390,784	71,070,427	62,518,405	45.87%	75.54%
2020	0.0582592%	30,284,965	37,488,457	67,773,422	57,881,610	52.32%	75.24%
2019	0.0608164%	33,474,812	43,435,411	76,910,223	59,240,180	56.51%	73.74%
2018	0.0624478%	19,967,448	29,289,547	49,256,995	62,046,102	32.18%	82.17%
2017	0.0594752%	22,474,786	36,147,509	58,622,295	60,094,300	37.40%	78.00%
2016	0.0581993%	20,572,678	34,992,059	55,564,737	56,912,759	36.15%	78.43%
2015	0.0449481%	12,006,259	30,308,470	42,314,729	56,694,241	21.18%	83.25%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year. Ten years of data is not available.

South San Antonio Independent School District**Exhibit G-3**

Schedule of the District's Contributions to the
 Teacher Retirement System of Texas Pension Plan
 For the Last Nine Fiscal Years*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 3,045,414	\$ (3,045,414)	\$ -	\$ 61,398,617	4.96%
2022	2,788,156	(2,788,156)	-	60,287,791	4.62%
2021	2,236,783	(2,236,783)	-	62,810,123	3.56%
2020	2,209,438	(2,209,438)	-	62,518,405	3.53%
2019	2,040,584	(2,040,584)	-	57,881,610	3.53%
2018	2,077,722	(2,077,722)	-	59,240,180	3.51%
2017	1,977,312	(1,977,312)	-	62,046,102	3.19%
2016	1,889,677	(1,889,677)	-	60,094,300	3.14%
2015	1,817,619	(1,817,619)	-	56,912,759	3.19%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.
 Ten years of data is not available.

South San Antonio Independent School District

Exhibit G-4

Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan Teacher Retirement System of Texas For the Last Six Fiscal Years*

Year	District's Proportion of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.0770533%	\$ 18,449,640	\$ 22,505,662	\$ 40,955,302	\$ 60,287,791	30.60%	11.52%
2022	0.0724951%	27,964,581	37,466,306	65,430,887	62,810,123	44.52%	6.18%
2021	0.0749231%	28,481,658	38,272,521	66,754,179	62,518,405	45.56%	4.99%
2020	0.0759812%	35,932,429	47,746,158	83,678,587	57,881,610	62.08%	2.66%
2019	0.0781501%	39,021,061	47,571,974	86,593,035	59,240,180	65.87%	1.57%
2018	0.0809117%	35,185,477	47,559,318	82,744,795	62,046,102	56.71%	0.91%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year. Ten years of data is not available.

South San Antonio Independent School District**Exhibit G-5**

Schedule of the District's Contributions to the
 Teacher Retirement System of Texas OPEB Plan
 For the Last Six Fiscal Years*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 658,889	\$ (658,889)	\$ -	\$ 61,398,617	1.07%
2022	632,341	(632,341)	-	60,287,791	1.05%
2021	562,466	(562,466)	-	62,810,123	0.90%
2020	569,468	(569,468)	-	62,518,405	0.91%
2019	539,256	(539,256)	-	57,881,610	0.93%
2018	477,293	(477,293)	-	59,240,180	0.81%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.
 Ten years of data is not available.

South San Antonio Independent School District

Notes to the Required Supplementary Information

Note 1. Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

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 after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end.

Note 2. Net Pension Liability and Net OPEB Liability

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

Changes in Actuarial Assumptions and Inputs

Measurement Date August 31,	Net Pension Liability		Net OPEB
	Discount Rate	Long-term Expected Rate of Return	Liability Discount Rate
2022	7.000%	7.000%	3.910%
2021	7.250%	7.250%	1.950%
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	

South San Antonio Independent School District

Notes to the Required Supplementary Information

Changes in Demographic and Economic Assumptions

For measurement date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

Changes in Benefit Terms

For measurement date August 31, 2018 – Net OPEB Liability:

- Changes of benefit terms were made effective September 1, 2017 by the 85th Texas Legislature.

Other Changes

For measurement date August 31, 2022 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 65% to 62%. The participation rate for post-65 retirees was lowered from 40% to 25%.

For measurement date August 31, 2020 – Net OPEB Liability:

- The participation rate for post-65 retirees was lowered from 50% to 40%.
- The ultimate health care trend rate assumption decreased to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

For measurement date August 31, 2019 – Net Pension Liability:

- With the enactment of SB3 by the 2019 Texas Legislature, an assumption was made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

For measurement date August 31, 2019 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65.
- The trend rates were reset to better reflect the plan's anticipated experience.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%.

For measurement date August 31, 2018 – Net OPEB Liability:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020.

Supplementary Information

South San Antonio Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
August 31, 2023

Data Control Codes	205	206	211
ASSETS	Head Start	ESSA Title IX, Part A - Education for Homeless Children and Youth	ESEA Title I, Part A - Improving Basic Programs
1110 Cash and cash equivalents	\$ -	\$ -	\$ -
1120 Current investments	-	-	-
1240 Due from other governments	631,577	-	1,130,115
1260 Due from other funds	-	-	-
1300 Inventories	-	-	-
1410 Prepaid items	-	-	-
1000 TOTAL ASSETS	\$ 631,577	\$ -	\$ 1,130,115
LIABILITIES			
2110 Accounts payable	\$ 16,499	\$ -	\$ 901,482
2160 Accrued wages payable	74,118	-	2,284
2170 Due to other funds	540,878	-	224,442
2180 Due to other governments	82	-	1,907
2190 Due to student groups	-	-	-
2300 Unearned revenue	-	-	-
2000 Total liabilities	631,577	-	1,130,115
FUND BALANCES			
Nonspendable:			
3410 Nonspendable - inventories	-	-	-
3430 Nonspendable - prepaid items	-	-	-
3450 Restricted - grants	-	-	-
3470 Restricted - capital acquisitions and contractual obligations	-	-	-
3490 Restricted - other	-	-	-
3600 Unassigned	-	-	-
3000 Total fund balances	-	-	-
4000 TOTAL LIABILITIES AND FUND BALANCES	\$ 631,577	\$ -	\$ 1,130,115

212	224	225	240	244	255
ESEA Title I, Part C - Education of Migratory Children	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Program	Career and Technical - Basic Grant	ESEA, Title II, Part A - Teacher & Principal Training & Recruiting
\$ -	\$ -	\$ -	\$ 3,029,139	\$ -	\$ -
-	-	-	-	-	-
3,430	313,312	964	691,418	32,297	116,473
-	-	-	347	-	-
-	-	-	81,380	-	-
-	-	-	-	-	-
<u>\$ 3,430</u>	<u>\$ 313,312</u>	<u>\$ 964</u>	<u>\$ 3,802,284</u>	<u>\$ 32,297</u>	<u>\$ 116,473</u>
\$ 1,742	\$ 1,268	\$ -	\$ 161,595	\$ -	\$ 4,813
-	113,545	-	-	-	-
1,688	198,499	964	5,185	32,297	111,660
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	63,503	-	-
3,430	313,312	964	230,283	32,297	116,473
-	-	-	81,380	-	-
-	-	-	-	-	-
-	-	-	3,490,621	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,572,001	-	-
<u>\$ 3,430</u>	<u>\$ 313,312</u>	<u>\$ 964</u>	<u>\$ 3,802,284</u>	<u>\$ 32,297</u>	<u>\$ 116,473</u>

South San Antonio Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds - Continued
August 31, 2023

		263	266	274
Data Control Codes		Title III, Part A - English Language Acquisition & Enhancement	Elementary and Secondary School Emergency Relief Funds - CARES Act	GEAR UP
ASSETS				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1120	Current investments	-	-	-
1240	Due from other governments	26,655	-	26,424
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1410	Prepaid items	-	-	-
1000	TOTAL ASSETS	<u>\$ 26,655</u>	<u>\$ -</u>	<u>\$ 26,424</u>
LIABILITIES				
2110	Accounts payable	\$ 154	\$ -	\$ 747
2160	Accrued wages payable	-	-	-
2170	Due to other funds	26,501	-	25,677
2180	Due to other governments	-	-	-
2190	Due to student groups	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	26,655	-	26,424
FUND BALANCES				
Nonspendable:				
3410	Nonspendable - inventories	-	-	-
3430	Nonspendable - prepaid items	-	-	-
3450	Restricted - grants	-	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-	-
3490	Restricted - other	-	-	-
3600	Unassigned	-	-	-
3000	Total fund balances	-	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,655</u>	<u>\$ -</u>	<u>\$ 26,424</u>

278	279	280	281	282	284	285
Elementary and Secondary School Emergency Relief Fund - ARP Homeless Children and Youth	Elementary and Secondary School Emergency Relief Fund III - TCLAS	Elementary and Secondary School Emergency Relief Fund - ARP Homeless II	Elementary and Secondary School Emergency Relief Fund II - CRRSA	Elementary and Secondary School Emergency Relief Fund III - ARPA	IDEA - Part B, Formula - ARPA	IDEA - Part B, Preschool - ARPA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
1,006	7,307	766	510,623	1,704,705	1,779	-
-	-	-	-	151	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,006</u>	<u>\$ 7,307</u>	<u>\$ 766</u>	<u>\$ 510,623</u>	<u>\$ 1,704,856</u>	<u>\$ 1,779</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,177,008	\$ -	\$ -
-	6,239	-	-	527,848	-	-
1,006	1,068	766	510,623	-	1,779	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,006	7,307	766	510,623	1,704,856	1,779	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,006</u>	<u>\$ 7,307</u>	<u>\$ 766</u>	<u>\$ 510,623</u>	<u>\$ 1,704,856</u>	<u>\$ 1,779</u>	<u>\$ -</u>

South San Antonio Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds - Continued
August 31, 2023

	289	340	385
Data Control Codes	Other Federal Special Revenue Funds	Shared Service Arrangements - IDEA, Part C	State Supplemental Visually Impaired
ASSETS			
1110 Cash and cash equivalents	\$ -	\$ 9	\$ -
1120 Current investments	-	-	-
1240 Due from other governments	101,477	-	-
1260 Due from other funds	-	-	-
1300 Inventories	-	-	-
1410 Prepaid items	-	-	-
1000 TOTAL ASSETS	\$ 101,477	\$ 9	\$ -
LIABILITIES			
2110 Accounts payable	\$ -	\$ -	\$ -
2160 Accrued wages payable	2,468	-	-
2170 Due to other funds	96,636	-	-
2180 Due to other governments	-	-	-
2190 Due to student groups	-	-	-
2300 Unearned revenue	2,373	-	-
2000 Total liabilities	101,477	-	-
FUND BALANCES			
Nonspendable:			
3410 Nonspendable - inventories	-	-	-
3430 Nonspendable - prepaid items	-	-	-
3450 Restricted - grants	-	9	-
3470 Restricted - capital acquisitions and contractual obligations	-	-	-
3490 Restricted - other	-	-	-
3600 Unassigned	-	-	-
3000 Total fund balances	-	9	-
4000 TOTAL LIABILITIES AND FUND BALANCES	\$ 101,477	\$ 9	\$ -

393	397	410	429	435	461
Texas Successful Schools Program	Advanced Placement Incentives	State Instructional Materials Fund	Other State Special Revenue Funds	Shared Service Arrangements - Regional Day School for the Deaf	Campus Activity Funds
\$ 700	\$ 5,149	\$ 491,845	\$ -	\$ 53,502	\$ 206,231
-	-	-	-	-	-
-	-	-	616,507	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	265,880	-	-
<u>\$ 700</u>	<u>\$ 5,149</u>	<u>\$ 491,845</u>	<u>\$ 882,387</u>	<u>\$ 53,502</u>	<u>\$ 206,231</u>
\$ -	\$ -	\$ -	\$ 274,989	\$ -	\$ 9,236
-	-	-	-	-	-
-	-	-	595,440	-	396
-	-	-	-	-	-
-	-	-	-	-	1,960
-	5,113	172,450	-	-	-
-	5,113	172,450	870,429	-	11,592
-	-	-	-	-	-
-	-	-	265,880	-	-
-	-	-	-	-	-
-	-	-	-	-	-
700	36	319,395	-	53,502	194,639
-	-	-	(253,922)	-	-
<u>700</u>	<u>36</u>	<u>319,395</u>	<u>11,958</u>	<u>53,502</u>	<u>194,639</u>
<u>\$ 700</u>	<u>\$ 5,149</u>	<u>\$ 491,845</u>	<u>\$ 882,387</u>	<u>\$ 53,502</u>	<u>\$ 206,231</u>

South San Antonio Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds - Continued
August 31, 2023

Data Control Codes		487	499	Total Nonmajor Special Revenue Funds
		SA Sports Foundation	Locally Funded Special Revenue Funds	
ASSETS				
1110	Cash and cash equivalents	\$ 123,152	\$ 188,662	\$ 4,098,389
1120	Current investments	-	-	-
1240	Due from other governments	-	10,000	5,926,835
1260	Due from other funds	-	-	498
1300	Inventories	-	-	81,380
1410	Prepaid items	-	-	265,880
1000	TOTAL ASSETS	\$ 123,152	\$ 198,662	\$ 10,372,982
LIABILITIES				
2110	Accounts payable	\$ -	\$ 12,679	\$ 2,562,212
2160	Accrued wages payable	-	-	726,502
2170	Due to other funds	11	-	2,375,516
2180	Due to other governments	-	-	1,989
2190	Due to student groups	-	-	1,960
2300	Unearned revenue	206	134,866	378,511
2000	Total liabilities	217	147,545	6,046,690
FUND BALANCES				
Nonspendable:				
3410	Nonspendable - inventories	-	-	81,380
3430	Nonspendable - prepaid items	-	-	265,880
3450	Restricted - grants	-	-	3,490,630
3470	Restricted - capital acquisitions and contractual obligations	-	-	-
3490	Restricted - other	122,935	51,117	742,324
3600	Unassigned	-	-	(253,922)
3000	Total fund balances	122,935	51,117	4,326,292
4000	TOTAL LIABILITIES AND FUND BALANCES	\$ 123,152	\$ 198,662	\$ 10,372,982

617

618

699

Facilities Emergency Grant	School Facilities Assistance Program	Nonmajor Capital Projects Fund	Total Nonmajor Capital Projects	Total Nonmajor Funds (See Exhibit C-1)
\$ 1	\$ 1	\$ 137,844	\$ 137,849	\$ 4,236,238
1,668	1,230	212,776	216,668	216,668
-	-	-	-	5,926,835
-	-	-	-	498
-	-	-	-	81,380
-	-	-	-	265,880
<u>\$ 1,669</u>	<u>\$ 1,231</u>	<u>\$ 350,620</u>	<u>\$ 354,517</u>	<u>\$ 10,727,499</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,562,212
-	-	-	-	726,502
-	-	-	-	2,375,516
-	-	-	-	1,989
-	-	-	-	1,960
-	-	-	-	378,511
-	-	-	-	6,046,690
-	-	-	-	81,380
-	-	-	-	265,880
-	-	-	-	3,490,630
1,669	1,231	350,620	354,517	354,517
-	-	-	-	742,324
-	-	-	-	(253,922)
<u>1,669</u>	<u>1,231</u>	<u>350,620</u>	<u>354,517</u>	<u>4,680,809</u>
<u>\$ 1,669</u>	<u>\$ 1,231</u>	<u>\$ 350,620</u>	<u>\$ 354,517</u>	<u>\$ 10,727,499</u>

South San Antonio Independent School District
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended August 31, 2023

Data Control Codes		205	206	211
		Head Start	ESSA Title IX, Part A - Education for Homeless Children and Youth	ESEA Title I, Part A - Improving Basic Programs
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	2,697,291	5,776	4,294,047
5020	Total revenues	2,697,291	5,776	4,294,047
EXPENDITURES				
Current:				
0011	Instruction	1,429,035	4,876	2,785,813
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	225,151	-	1,287,299
0021	Instructional leadership	444,765	-	162,342
0023	School leadership	-	-	23,898
0031	Guidance, counseling, and evaluation services	14,519	900	-
0032	Social work services	-	-	-
0033	Health services	18,146	-	-
0034	Student transportation	22,253	-	-
0035	Food services	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-
0041	General administration	16,088	-	1,015
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	525,374	-	33,680
Debt service:				
0071	Principal on long-term debt	1,744	-	-
0072	Interest on long-term debt	216	-	-
Capital outlay:				
0081	Facilities acquisition and construction	-	-	-
6030	Total expenditures	2,697,291	5,776	4,294,047
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)				
7913	Proceeds from right to use leased assets and subscriptions	-	-	-
7080	Total other financing sources	-	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balances - beginning	-	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ -	\$ -

212	224	225	240	244	255
ESEA Title I, Part C - Education of Migratory Children	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Program	Career and Technical - Basic Grant	ESEA, Title II, Part A - Teacher & Principal Training & Recruiting
\$ -	\$ -	\$ -	\$ 184,782	\$ -	\$ -
-	-	-	26,361	-	-
17,714	1,739,025	30,456	8,662,187	159,140	472,331
17,714	1,739,025	30,456	8,873,330	159,140	472,331
15,622	1,291,928	30,456	-	159,140	-
-	-	-	-	-	-
-	1,060	-	-	-	431,515
351	203,012	-	-	-	37,764
-	-	-	-	-	3,052
-	43,151	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	157,034	-	-	-	-
-	-	-	7,200,352	-	-
-	-	-	-	-	-
-	-	-	688,953	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,741	-	-	-	-	-
-	42,840	-	2,385	-	-
-	-	-	295	-	-
-	120,296	-	-	-	-
17,714	1,859,321	30,456	7,891,985	159,140	472,331
-	(120,296)	-	981,345	-	-
-	120,296	-	-	-	-
-	120,296	-	-	-	-
-	-	-	981,345	-	-
-	-	-	2,590,656	-	-
\$ -	\$ -	\$ -	\$ 3,572,001	\$ -	\$ -

South San Antonio Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Continued
For the Fiscal Year Ended August 31, 2023

Data Control Codes	263	266	274
	Title III, Part A - English Language Acquisition & Enhancement	Elementary and Secondary School Emergency Relief Funds - CARES Act	GEAR UP
REVENUES			
5700	\$ -	\$ -	\$ -
5800	-	-	-
5900	171,594	2,221	397,834
5020	171,594	2,221	397,834
EXPENDITURES			
Current:			
0011	84,524	2,221	121,365
0012	-	-	-
0013	81,717	-	8,168
0021	5,029	-	26,680
0023	-	-	-
0031	-	-	239,657
0032	-	-	-
0033	-	-	-
0034	-	-	-
0035	-	-	-
0036	-	-	-
0041	-	-	-
0051	-	-	166
0052	-	-	26
0053	-	-	-
0061	324	-	1,772
Debt service:			
0071	-	-	-
0072	-	-	-
Capital outlay:			
0081	-	-	-
6030	171,594	2,221	397,834
1100	-	-	-
OTHER FINANCING SOURCES (USES)			
7913	-	-	-
7080	-	-	-
1200	-	-	-
0100	-	-	-
3000	\$ -	\$ -	\$ -

278	279	280	281	282	284	285
Elementary and Secondary School Emergency Relief Fund - ARP Homeless Children and Youth	Elementary and Secondary School Emergency Relief Fund III - TCLAS	Elementary and Secondary School Emergency Relief Fund - ARP Homeless II	Elementary and Secondary School Emergency Relief Fund II - CRRSA	Elementary and Secondary School Emergency Relief Fund III - ARPA	IDEA - Part B, Formula - ARPA	IDEA - Part B, Preschool - ARPA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
5,777	6,239	12,675	5,379,587	9,031,697	260,701	9,854
5,777	6,239	12,675	5,379,587	9,031,697	260,701	9,854
5,777	6,239	8,275	3,525,501	3,679,958	181,329	9,854
-	-	-	6,594	8,699	-	-
-	-	-	12,884	29,025	-	-
-	-	-	55,848	9,681	4,581	-
-	-	-	38,044	44,841	-	-
-	-	4,400	22,058	959,541	74,791	-
-	-	-	30,107	111,090	-	-
-	-	-	6,594	1,164,519	-	-
-	-	-	18,261	18,768	-	-
-	-	-	34,493	44,638	-	-
-	-	-	4,051	4,051	-	-
-	-	-	21,499	248,997	-	-
-	-	-	1,525,571	1,104,162	-	-
-	-	-	8,116	480,354	-	-
-	-	-	62,484	846,863	-	-
-	-	-	7,482	209,310	-	-
-	-	-	-	67,200	-	-
-	-	-	-	-	-	-
-	-	-	-	188,699	-	-
5,777	6,239	12,675	5,379,587	9,220,396	260,701	9,854
-	-	-	-	(188,699)	-	-
-	-	-	-	188,699	-	-
-	-	-	-	188,699	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

South San Antonio Independent School District
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Continued
For the Fiscal Year Ended August 31, 2023

		289	340	385
Data Control Codes		Other Federal Special Revenue Funds	Shared Service Arrangements - IDEA, Part C	State Supplemental Visually Impaired
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	6,840
5900	Federal program revenues	1,790,088	-	-
5020	Total revenues	1,790,088	-	6,840
EXPENDITURES				
Current:				
0011	Instruction	1,459,111	-	6,840
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	16,401	-	-
0021	Instructional leadership	5,333	-	-
0023	School leadership	34,909	-	-
0031	Guidance, counseling, and evaluation services	78,855	-	-
0032	Social work services	12,665	-	-
0033	Health services	10,521	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Plant maintenance and operations	127,263	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
Debt service:				
0071	Principal on long-term debt	45,030	-	-
0072	Interest on long-term debt	-	-	-
Capital outlay:				
0081	Facilities acquisition and construction	126,444	-	-
6030	Total expenditures	1,916,532	-	6,840
1100	Excess (deficiency) of revenues over (under) expenditures	(126,444)	-	-
OTHER FINANCING SOURCES (USES)				
7913	Proceeds from right to use leased assets and subscriptions	126,444	-	-
7080	Total other financing sources	126,444	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balances - beginning	-	9	-
3000	FUND BALANCES - ENDING	\$ -	\$ 9	\$ -

393	397	410	429	435	461
Texas Successful Schools Program	Advanced Placement Incentives	State Instructional Materials Fund	Other State Special Revenue Funds	Shared Service Arrangements - Regional Day School for the Deaf	Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 346,356
-	-	385,128	1,767,180	-	-
-	-	-	-	-	-
-	-	385,128	1,767,180	-	346,356
-	-	384,633	702,936	-	219,694
-	-	-	-	-	61,297
-	-	495	871,570	-	78
-	-	-	-	-	-
-	-	-	-	-	46,382
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	96,888
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	192,674	-	434
-	-	-	-	-	-
-	-	-	-	-	223
-	-	-	-	-	-
-	-	-	-	-	-
-	-	385,128	1,767,180	-	424,996
-	-	-	-	-	(78,640)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(78,640)
700	36	319,395	11,958	53,502	273,279
\$ 700	\$ 36	\$ 319,395	\$ 11,958	\$ 53,502	\$ 194,639

South San Antonio Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Continued
For the Fiscal Year Ended August 31, 2023

Data Control Codes		487	499	Total
		SA Sports Foundation	Locally Funded Special Revenue Funds	Nonmajor Special Revenue Funds
REVENUES				
5700	Local and intermediate sources	\$ 794	\$ 495,405	\$ 1,027,337
5800	State program revenues	-	14,825	2,200,334
5900	Federal program revenues	-	-	35,146,234
5020	Total revenues	794	510,230	38,373,905
EXPENDITURES				
Current:				
0011	Instruction	-	154,013	16,269,140
0012	Instructional resources and media services	-	9,839	86,429
0013	Curriculum and instructional staff development	-	54,444	3,019,807
0021	Instructional leadership	-	-	955,386
0023	School leadership	-	-	191,126
0031	Guidance, counseling, and evaluation services	-	-	1,437,872
0032	Social work services	-	-	153,862
0033	Health services	-	-	1,199,780
0034	Student transportation	-	-	216,316
0035	Food services	-	-	7,279,483
0036	Cocurricular/extracurricular activities	5,764	-	110,754
0041	General administration	-	2,100	289,699
0051	Plant maintenance and operations	-	36,324	3,482,439
0052	Security and monitoring services	-	-	681,604
0053	Data processing services	-	-	909,347
0061	Community services	-	6,133	786,039
Debt service:				
0071	Principal on long-term debt	-	-	159,199
0072	Interest on long-term debt	-	-	511
Capital outlay:				
0081	Facilities acquisition and construction	-	249,650	685,089
6030	Total expenditures	5,764	512,503	37,913,882
1100	Excess (deficiency) of revenues over (under) expenditures	(4,970)	(2,273)	460,023
OTHER FINANCING SOURCES (USES)				
7913	Proceeds from right to use leased assets and subscriptions	-	-	435,439
7080	Total other financing sources	-	-	435,439
1200	Net change in fund balances	(4,970)	(2,273)	895,462
0100	Fund balances - beginning	127,905	53,390	3,430,830
3000	FUND BALANCES - ENDING	<u>\$ 122,935</u>	<u>\$ 51,117</u>	<u>\$ 4,326,292</u>

616	617	618	699		
<u>Public Property Finance Fund</u>	<u>Facilities Emergency Grant</u>	<u>School Facilities Assistance Program</u>	<u>Nonmajor Capital Projects Fund</u>	<u>Total Nonmajor Capital Projects</u>	<u>Total Nonmajor Funds (See Exhibit C-2)</u>
\$ -	\$ -	\$ -	\$ 11,324	\$ 11,324	\$ 1,038,661
-	-	-	-	-	2,200,334
-	-	-	-	-	35,146,234
-	-	-	11,324	11,324	38,385,229
-	-	-	-	-	16,269,140
-	-	-	-	-	86,429
-	-	-	-	-	3,019,807
-	-	-	-	-	955,386
-	-	-	-	-	191,126
-	-	-	-	-	1,437,872
-	-	-	-	-	153,862
-	-	-	-	-	1,199,780
-	-	-	-	-	216,316
-	-	-	-	-	7,279,483
-	-	-	-	-	110,754
-	-	-	-	-	289,699
-	-	-	-	-	3,482,439
-	-	-	-	-	681,604
-	-	-	-	-	909,347
-	-	-	-	-	786,039
-	-	-	-	-	159,199
-	-	-	-	-	511
-	-	-	-	-	685,089
-	-	-	-	-	37,913,882
-	-	-	11,324	11,324	471,347
-	-	-	-	-	435,439
-	-	-	-	-	435,439
-	-	-	11,324	11,324	906,786
997	1,669	1,231	339,296	343,193	3,774,023
<u>\$ 997</u>	<u>\$ 1,669</u>	<u>\$ 1,231</u>	<u>\$ 350,620</u>	<u>\$ 354,517</u>	<u>\$ 4,680,809</u>

South San Antonio Independent School District

Exhibit H-3

Combining Statement of Net Position

Internal Service Funds

August 31, 2023

	752	753	770	Total Internal Service Funds (See Exhibit D-1)
	Print Shop	Workers' Compensation Fund	Medical Insurance Fund	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 123,001	\$ 395,745	\$ 1,313,559	\$ 1,832,305
Current investments	-	341,992	-	341,992
Due from other funds	-	-	430	430
Other receivables	-	18,923	3,114	22,037
Prepaid items	-	5,325	-	5,325
	<u>123,001</u>	<u>761,985</u>	<u>1,317,103</u>	<u>2,202,089</u>
Total current assets				
Noncurrent assets:				
Capital assets:				
Furniture and equipment	242,415	-	-	242,415
Accumulated depreciation	(20,201)	-	-	(20,201)
	<u>222,214</u>	<u>-</u>	<u>-</u>	<u>222,214</u>
Total noncurrent assets				
Total assets	345,215	761,985	1,317,103	2,424,303
LIABILITIES				
Current liabilities:				
Accounts payable	-	2,165	4,917	7,082
Financed purchase liability - due within one year	46,080	-	-	46,080
Due to other funds	-	55	88	143
Accrued expenses	-	440,247	681,072	1,121,319
	<u>46,080</u>	<u>442,467</u>	<u>686,077</u>	<u>1,174,624</u>
Total current liabilities				
Noncurrent liabilities:				
Financed purchase liability - noncurrent	176,934	-	-	176,934
	<u>176,934</u>	<u>-</u>	<u>-</u>	<u>176,934</u>
Total current liabilities				
Total liabilities	223,014	442,467	686,077	1,351,558
NET POSITION				
Unrestricted	122,201	319,518	631,026	1,072,745
	<u>122,201</u>	<u>319,518</u>	<u>631,026</u>	<u>1,072,745</u>
TOTAL NET POSITION	<u>\$ 122,201</u>	<u>\$ 319,518</u>	<u>\$ 631,026</u>	<u>\$ 1,072,745</u>

South San Antonio Independent School District

Exhibit H-4

Combining Statement of Revenues, Expenses,
and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended August 31, 2023

	752	753	770	Total Internal Service Funds (See Exhibit D-2)
	Print Shop	Workers' Compensation Fund	Medical Insurance Fund	
OPERATING REVENUES				
Local and Intermediate Sources	\$ 13,330	\$ 21,386	\$ 6,181,436	\$ 6,216,152
Total operating revenues	13,330	21,386	6,181,436	6,216,152
OPERATING EXPENSES				
Payroll costs	-	39,337	63,741	103,078
Professional and contracted services	439	45,562	1,368,537	1,414,538
Supplies and materials	18,165	-	11,955	30,120
Other operating costs	20,201	398,720	8,186,197	8,605,118
Debt service	2,324	-	-	2,324
Total operating expenses	41,129	483,619	9,630,430	10,155,178
Operating loss	(27,799)	(462,233)	(3,448,994)	(3,939,026)
Income before contributions and transfers	(27,799)	(462,233)	(3,448,994)	(3,939,026)
Transfers in	150,000	600,000	3,800,000	4,550,000
Change in net position	122,201	137,767	351,006	610,974
Net position - beginning	-	181,751	280,020	461,771
NET POSITION - ENDING	\$ 122,201	\$ 319,518	\$ 631,026	\$ 1,072,745

South San Antonio Independent School District

Exhibit H-5

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended August 31, 2023

	752	753	770	Total Internal Service Funds (See Exhibit D-3)
	Print Shop	Workers' Compensation Fund	Medical Insurance Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from services provided	\$ 13,330	\$ 2,455	\$ 6,177,894	\$ 6,193,679
Cash payments for claims and administrative services	-	(327,773)	(9,334,294)	(9,662,067)
Cash payments for goods and services	(20,928)	-	-	(20,928)
Cash payments to employees for services	-	(39,337)	(63,741)	(103,078)
Net cash used by operating activities	(7,598)	(364,655)	(3,220,141)	(3,592,394)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from services provided				
Transfers from other funds	150,000	600,000	3,800,000	4,550,000
Net cash provided by noncapital financing activities	150,000	600,000	3,800,000	4,550,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Financed purchase payments	(19,401)	-	-	(19,401)
Net cash used by capital and related financing activities	(19,401)	-	-	(19,401)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	-	84,917	-	84,917
Net cash provided by investing activities	-	84,917	-	84,917
Net increase in cash and cash equivalents	123,001	320,262	579,859	1,023,122
Cash and cash equivalents - beginning	-	75,483	733,700	809,183
CASH AND CASH EQUIVALENTS - ENDING	\$ 123,001	\$ 395,745	\$ 1,313,559	\$ 1,832,305
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating loss	\$ (27,799)	\$ (462,233)	\$ (3,448,994)	\$ (3,939,026)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	20,201	-	-	20,201
Change in:				
Due from other funds	-	-	(430)	(430)
Other receivables	-	(18,923)	(3,114)	(22,037)
Deferred expenditures	-	(2,314)	-	(2,314)
Accounts payable	-	(6,910)	(4,916)	(11,826)
Claims payable	-	125,733	237,311	363,044
Due to other funds	-	(8)	2	(6)
NET CASH USED BY OPERATING ACTIVITIES	\$ (7,598)	\$ (364,655)	\$ (3,220,141)	\$ (3,592,394)

Custodial Funds

South San Antonio Independent School District**Exhibit H-6**

Combining Statement of Fiduciary Net Position

Custodial Funds

For the Fiscal Year Ended August 31, 2023

	865	876	Total Custodial Funds (See Exhibit E-1)
	Student Activity	Faculty Activity Fund	
ASSETS			
Cash and cash equivalents	\$ 254,923	\$ 332	\$ 255,255
Total assets	254,923	332	255,255
LIABILITIES			
Accounts payable	5,791	-	5,791
Total liabilities	5,791	-	5,791
NET POSITION			
Net position held for individuals and organizations	249,132	332	249,464
TOTAL NET POSITION	\$ 249,132	\$ 332	\$ 249,464

South San Antonio Independent School District
Combining Statement of Fiduciary Changes in Net Position
Custodial Funds
For the Fiscal Year Ended August 31, 2023

Exhibit H-7

	865	876	Total Custodial Funds (See Exhibit E-2)
	Student Activity	Faculty Activity Fund	
ADDITIONS			
Contributions or gifts	\$ 22,741	\$ 1,945	\$ 24,686
Fundraising activity	203,387	-	203,387
Student club fees	28,141	-	28,141
Investment earnings	-	-	-
Other	12,945	-	12,945
Total additions	267,214	1,945	269,159
DEDUCTIONS			
Student activities	257,627	-	257,627
Administrative expense	-	2,876	2,876
Beneficiary payments	-	-	-
Other	934	-	934
Total deductions	258,561	2,876	261,437
Net change in fiduciary net position	8,653	(931)	7,722
Net position - beginning of year	240,479	1,263	241,742
NET POSITION - END OF YEAR	\$ 249,132	\$ 332	\$ 249,464

South San Antonio Independent School District

Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended August 31, 2023

Year Ended August 31,	Tax Rates		Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service	
2014 and Prior Years	\$ Various	\$ Various	\$ Various
2015	1.0400	0.4115	1,398,872,137
2016	1.0400	0.4115	1,435,618,939
2017	1.0400	0.4115	1,487,464,313
2018	1.0400	0.4115	1,600,484,459
2019	1.0400	0.4115	1,830,493,894
2020	0.9700	0.4800	1,968,397,218
2021	0.9112	0.4800	2,001,721,888
2022	0.8948	0.4900	2,116,716,781
2023	0.8546	0.4990	2,370,424,793

1000 TOTALS

8000 - Taxes refunded under section 26.1115, tax code, for owners who received an exemption as provided by section 11.42(f), tax code

Exhibit J-1

Beginning Balance 09/01/22	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 08/31/23
\$ 399,909	\$ -	\$ 22,008	\$ 8,780	\$ (12,872)	\$ 356,249
73,368	-	6,132	2,426	(256)	64,554
65,409	-	4,604	1,822	(192)	58,791
88,922	-	7,247	2,868	(191)	78,616
144,178	-	12,918	5,112	3,020	129,168
161,032	-	29,897	11,830	10,469	129,774
227,479	-	41,854	20,712	17,657	182,570
380,078	-	84,287	44,400	(426)	250,965
820,213	-	193,851	106,154	(38,299)	481,909
-	32,086,070	19,944,334	11,645,475	650,981	1,147,242
<u>\$ 2,360,588</u>	<u>\$ 32,086,070</u>	<u>\$ 20,347,132</u>	<u>\$ 11,849,579</u>	<u>\$ 629,891</u>	<u>\$ 2,879,838</u>
		\$ -	\$ -		

South San Antonio Independent School District
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual
 National School Breakfast and Lunch Program
 For the Fiscal Year Ended August 31, 2023

Exhibit J-2

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 140,000	\$ 168,166	\$ 184,782	\$ 16,616
5800	State program revenues	-	26,361	26,361	-
5900	Federal program revenues	7,252,809	8,167,295	8,662,187	494,892
5020	Total revenues	7,392,809	8,361,822	8,873,330	511,508
EXPENSES					
Current:					
0035	Food services	6,106,302	8,266,517	7,200,352	1,066,165
0051	Plant maintenance and operations	687,442	737,442	688,953	48,489
Debt service:					
0071	Principal on long-term debt	-	4,527	2,385	2,142
0072	Interest on long-term debt	-	-	295	(295)
6030	Total expenses	6,793,744	9,008,486	7,891,985	1,116,501
1200	Net change in fund balance	599,065	(646,664)	981,345	1,628,009
0100	Fund balance - beginning	2,590,656	2,590,656	2,590,656	-
3000	FUND BALANCE - ENDING	<u>\$ 3,189,721</u>	<u>\$ 1,943,992</u>	<u>\$ 3,572,001</u>	<u>\$ 1,628,009</u>

South San Antonio Independent School District
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual
 Debt Service Fund
 For the Fiscal Year Ended August 31, 2023

Exhibit J-3

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 11,202,597	\$ 12,302,597	\$ 12,510,879	\$ 208,282
5800	State program revenues	510,265	931,547	770,930	(160,617)
5900	Federal program revenues	478,895	478,895	480,514	1,619
5020	Total revenues	12,191,757	13,713,039	13,762,323	49,284
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	5,870,144	5,870,144	5,870,144	-
0072	Interest on long-term debt	6,818,148	6,818,148	6,818,148	-
0073	Issuance costs and fees	50,000	50,000	27,927	22,073
6030	Total expenditures	12,738,292	12,738,292	12,716,219	22,073
1200	Net change in fund balance	(546,535)	974,747	1,046,104	71,357
0100	Fund balance - beginning	2,720,162	2,720,162	2,720,162	-
3000	FUND BALANCE - ENDING	\$ 2,173,627	\$ 3,694,909	\$ 3,766,266	\$ 71,357

South San Antonio Independent School District

Use of Funds Report – Select State Allotment

For the Fiscal Year Ended August 31, 2023

Exhibit J-4

<u>Data Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 11,972,522
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 4,290,720
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 957,436
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 610,854

**Overall Compliance, Internal Control Section
and Federal Awards**

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited, 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, 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, 2023, 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 22, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

The Board of Trustees of
South San Antonio Independent School District

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
January 22, 2024



**Independent Auditor's Report on Compliance for Each Major Federal
Program and Report on Internal Control over Compliance
in Accordance with the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South San Antonio Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Board of Trustees of
South San Antonio Independent School District

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001, to be significant a deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
January 22, 2024

South San Antonio Independent School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2023

Section 1. Summary of Auditor's Results

Financial Statements

- a. Type of auditor's report issued Unmodified
- b. Internal control over financial reporting:
 - i. Material weakness(es) identified? No
 - ii. Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported
- c. Noncompliance material to financial statements noted? No

Federal Awards

- d. Internal control over major programs:
 - i. Material weakness(es) identified? No
 - ii. Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes
- e. Type of auditor's report issued on compliance with major programs Unmodified
- f. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? Yes
- g. Identification of major programs
COVID-19 Education Stabilization Fund – 84.425D, 84.425U, and 84.425W
Child Nutrition Cluster – 10.553, 10.555, 10.582
Emergency Connectivity Fund – 32.009
- h. Dollar threshold used to distinguish between Type A and Type B federal programs \$1,124,683
- i. Auditee qualified as a low-risk auditee? Yes

Section 2. Financial Statement Findings

None reported

South San Antonio Independent School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2023

Section 3. Federal Award Findings and Questioned Costs

2023-001

ALN 32.009 Emergency Connectivity Fund

Equipment/Real Property Management

Type of Finding: Significant Deficiency and Non-Compliance

Federal Communications Commission

Criteria

The 2023 2 CFR Part 200 (Compliance Supplement) identified Equipment/Real Property Management as an applicable compliance requirement for the Emergency Connectivity Fund (ECF). Specifically, recipients of ECF are required to maintain equipment and service inventories of the devices and services purchased with program funds. Inventories should contain information such as equipment or service type, make and model of equipment, equipment serial number, service plan details, names of person(s) (student or District employee) who is responsible for the equipment or service provided, and dates the equipment was in service.

Condition

The District was unable to support adherence to all of the various equipment and service inventory requirements under the federal program for fiscal year ending August 31, 2023. Specifically, the District's inventory records did not include equipment type, equipment makes and models, and dates the equipment was in service for an order of iPads purchased under the program. This information was provided by the District at a later date from information obtained from the service/equipment provider. The iPad serial numbers and name of the school employee responsible for the device were correctly inventoried. In addition, the District's inventory records did not include service plan details, name of the school employee responsible for the service, and descriptions of intended service areas for hotspot and iPad services when these services were put into place. The type of service provided was on file.

The majority (70%) of the District's purchases under ECF for the fiscal year were for Chromebooks. No exceptions were noted for the inventory records for these devices.

Cause

The District experienced turnover in the technology department, which oversaw the ECF application and document retention process, and did not have adequately documented policies and procedures in place to ensure compliance with the Equipment/Real Property Management requirement for this program.

Effect or Potential Effect

Noncompliance with the Equipment/Real Property Management requirement did occur and could continue to not be prevented, or detected and corrected, by the District's system of internal control over compliance, leading to federally funded equipment and services not being properly maintained and tracked during the life of the equipment or service, and therefore potential loss of Federal award funding in the future.

No questioned costs were identified as equipment and services under this program were deemed to be allowable and properly accounted for upon further discussion with the client.

South San Antonio Independent School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2023

Recommendation

The District should review its inventory policies and procedures, particularly those policies and procedures for federally funded equipment and services, and ensure records are maintained for the life of the use of equipment or service, and contain all the required information as specified by the grantor.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan.

South San Antonio Independent School District

Corrective Action Plan

For the Fiscal Year Ended August 31, 2023



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

1450 Gillette Boulevard · San Antonio, Texas 78224 · (210) 977-7000 · Fax (210) 977-7017

South San Antonio Independent School District

Corrective Action Plan

August 31, 2023

Finding 2023-001 Significant Deficiency in Internal Control and Non-Compliance over ECF Equipment and Real Property Management

Responsible Officials Response and Corrective Action:

The District has updated its inventory records to include equipment type, equipment makes and models, and dates the equipment was in service for an order of iPads purchased under the Emergency Connectivity Fund. The District also is in the process of updating inventory records to include service plan details, name of the school employee responsible for the service, and descriptions of intended service areas for hotspot and iPad services when these services were put into place.

Contact for Responsible Official: Tony Kingman, Chief Financial Officer

Anticipated Completion Date: 01/22/2024

South San Antonio Independent School District

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended August 31, 2023

Section 4. Prior Year Findings

There were no prior audit findings reported

South San Antonio Independent School District

Exhibit K-1

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended August 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through Texas Education Agency:			
National School Breakfast Program	10.553	NT4XL1YGLGC5	\$ 2,487,247
National School Lunch Program	10.555	NT4XL1YGLGC5	4,800,638
Passed Through Texas State Department of Agriculture:			
USDA DoD Fresh Allocations - Noncash Assistance	10.555	NT4XL1YGLGC5	38,947
National School Lunch Program - Noncash Assistance	10.555	NT4XL1YGLGC5	394,329
COVID-19 Supply Chain Assistance Grant	10.555	NT4XL1YGLGC5	314,485
Total Assistance Listing Number 10.555			5,548,399
Passed Through Texas State Department of Agriculture:			
Fresh Fruit and Vegetable Program	10.582	NT4XL1YGLGC5	80,280
Total Child Nutrition Cluster			8,115,926
Passed Through Texas State Department of Agriculture:			
Child & Adult Care Food Program - Cash Assistance	10.558	NT4XL1YGLGC5	470,261
NSLP Equipment Assistance Grant	10.579	216TX355N810	76,000
TOTAL U.S. DEPARTMENT OF AGRICULTURE			8,662,187
U.S. DEPARTMENT OF DEFENSE			
Direct:			
ROTC	12.000	N/A	46,037
TOTAL U.S. DEPARTMENT OF DEFENSE			46,037
U.S. DEPARTMENT OF TREASURY			
Passed Through Bexar County:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP 1970	39,220
TOTAL U.S. DEPARTMENT OF TREASURY			39,220
FEDERAL COMMUNICATIONS COMMISSION			
Direct:			
COVID-19 Emergency Connectivity Fund (ECF)	32.009	N/A	1,510,933
TOTAL FEDERAL COMMUNICATIONS COMMISSION			1,510,933
U.S. DEPARTMENT OF EDUCATION			
Passed Through ESC Region 20:			
McKinney Vento-TEHCY	84.196	379662311	5,776
Passed Through University of Texas Austin:			
Gear Up	84.334S	N/A	36,005
Gear Up	84.334S	N/A	361,829
Total Assistance Listing Number 84.334S			397,834
Passed Through Texas Education Agency:			
Title I, Improving Basic Programs	84.010A	22610101015908	32,373
Title I, Improving Basic Programs	84.010A	23610101015908	4,236,891
Title I, Improving Basic Programs	84.010A	23610141015908	236,722
Total Assistance Listing Number 84.010A			4,505,986
Title I, Part C Migrant	84.011A	22615001015908	4,921
Title I, Part C Migrant	84.011A	23615001015908	13,678
Total Assistance Listing Number 84.011A			18,599

South San Antonio Independent School District
 Schedule of Expenditures of Federal Awards - Continued
 For the Fiscal Year Ended August 31, 2023

Exhibit K-1

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Special Education Cluster (IDEA):			
IDEA B Formula	84.027A	226600010159086600	27,084
IDEA B Formula	84.027A	236600010159086600	1,796,089
COVID-19 IDEA B Formula ARP	84.027A	22535002015908350	<u>260,701</u>
Total Assistance Listing Number 84.027A			2,083,874
IDEA B Preschool	84.173A	226610010159086610	1,354
IDEA B Preschool	84.173A	236610010159086610	30,523
COVID-19 IDEA B Preschool ARP	84.173X	225360020159085360	<u>9,854</u>
Total Assistance Listing Number 84.173			41,731
Total Special Education Cluster (IDEA)			<u>2,125,605</u>
Carl D. Perkins Basic Grant Formula for CATE	84.048A	23420006015908	<u>167,132</u>
Total Assistance Listing Number 84.048A			167,132
Title III Part A - ELA	84.365A	22671001015908	141
Title III Part A - ELA	84.365A	23671001015908	166,161
Title III Part A - Immigrant	84.365A	23671003015908	<u>13,690</u>
Total Assistance Listing Number 84.365A			179,992
Title II Part A Supporting Effective Instruction	84.367A	22694501015908	1,170
Title II Part A Supporting Effective Instruction	84.367A	23694501015908	<u>494,376</u>
Total Assistance Listing Number 84.367A			495,546
Title IV, Part A	84.424A	22680101015908	69,813
Title IV, Part A	84.424A	23680101015908	<u>292,580</u>
Total Assistance Listing Number 84.424A			362,393
COVID-19 Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Emergency Relief Fund - ESSER I	84.425D	20521001015908	2,221
COVID-19 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) - ESSER II	84.425D	21521001015908	5,424,302
COVID-19 American Rescue Plan (ARP) – ESSER – Homeless Children and Youth	84.425W	278505211	5,777
COVID-19 American Rescue Plan (ARP) – ESSER – Homeless Children and Youth	84.425W	367446213	12,675
COVID-19 American Rescue Plan (ARP) – ESSER III	84.425U	21528001015908	10,147,668
COVID-19 Texas COVID Learning Acceleration Supports (TCLAS) - ESSER III	84.425U	21528042015908	7,307
COVID-19 TCLAS - High Quality After-School	84.425U	215280587110138	<u>361,373</u>
Total Assistance Listing Number 84.425			15,961,323
Total Passed Through Texas Education Agency			<u>23,816,576</u>

South San Antonio Independent School District
 Schedule of Expenditures of Federal Awards - Continued
 For the Fiscal Year Ended August 31, 2023

Exhibit K-1

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct:			
Head Start Cluster:			
Head Start	93.600	06CH010831/04/00	992,884
Head Start	93.600	06CH010831/05	1,619,156
Head Start	93.600	06CH010831/05/C3	13,964
COVID-19 Head Start COVID PL116-260	93.600	06HE001211/01/C5	32
COVID-19 Head Start ARP American Rescue Plan	93.600	06HE001211/01/C6	194,014
			<u>2,820,050</u>
Total Assistance Listing Number 93.600			2,820,050
			2,820,050
Passed Through Texas Department of Health and Human Services:			
COVID-19 School Health Support Grant	93.323	02748173	144,463
Medical Assistance Program	93.778	529-08-0177-000014	46,357
			<u>190,820</u>
Total Passed Through Texas Department of Health and Human Services			190,820
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>3,010,870</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 37,489,433</u>

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South San Antonio Independent School District

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of South San Antonio Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. National School Lunch Program and Food Distribution Cluster non-cash commodities are recorded at their estimated acquisition value at the time of donation.

Note 2. De Minimis Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3. Reconciliation to Basic Financial Statements

Presented below is a reconciliation of federal revenues:

Total Expenditures of Federal Awards per Exhibit K-1	\$ 37,489,433
General Fund - Federal Revenue:	
School Health and Related Services (SHARS)	1,393,272
E-Rate Program Revenue	633,406
Other Miscellaneous Federal Receipts	9,254
Government Subsidized Debt in Debt Service Fund	<u>480,514</u>
Total federal revenues per Exhibit C-2	<u>\$ 40,005,879</u>

Note 4. Expenditures Incurred in a Prior Year

The District disclosed amounts in the schedule of expenditures of federal awards expenditures incurred in a prior year as follows:

<u>Description</u>	<u>Amount</u>
Emergency Connectivity Fund	\$243,256

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Other Information

South San Antonio Independent School District
 Schedule of Required Responses to Selected School First Indicators
 For the Fiscal Year Ended August 31, 2023

Exhibit L-1

<u>Data Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 12,094,976

January 22, 2024

To the Board of Trustees of
South San Antonio Independent School District
South San Antonio, Texas 77535

We have audited the financial statements of South San Antonio Independent School District (the District) as of and for the year ended August 31, 2023, and have issued our report thereon dated January 22, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 20, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our finding regarding a significant control deficiency and non-compliance for the Emergency Connectivity Fund noted during our audit in the Schedule of Findings and Questioned Costs in our audit report.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

With respect to any nonaudit/nonattest services we perform as previously communicated to you in the engagement letter, the District acknowledges and understands that the District has the responsibility for (a) making all management decisions and performing all management functions; (b) assigning an individual with suitable skills, knowledge, and experience to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. Such nonaudit/nonattest services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Audit Standards*.

Significant Risks Identified

Our audit process uses a risk-based approach in which we identified potential areas of risk that could lead to a material misstatement of the financial statements. We tailored our audit procedures to specifically address the following areas of risk:

- Management override of internal controls
- Improper revenue recognition – non-exchange transactions (Foundation School Fund)
- Misappropriation of cash through improper or unauthorized expenditures
- Misappropriation of cash through unauthorized employees or improper pay rates

Identification of significant risks is part of our due diligence during our audit process. These risks were addressed by walking through controls in each respective areas and performing substantive detail testing and analytical testing of transactions. Based on the testwork performed in these areas, no material misstatements or significant deficiencies or material weaknesses in internal controls were identified.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). Accordingly, the effect of the accounting change has been reported as an adjustment to right-to-use assets and subscription liabilities in the government-wide financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

1. Allowance for uncollectible taxes
2. Foundation School Program state aid revenue
3. Accrual for claims incurred but not reported related to self-insurance workers' compensation and health insurance fund
4. Net pension liability – actuarial valuation
5. Net OPEB liability – actuarial valuation

Management's estimate of the items noted above is based on historical experience or information provided by third parties or the Texas Education Agency. We evaluated the key factors and assumptions used to develop these estimates and determined that these estimates are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule summarizes the misstatements that we identified as a result of our audit procedures and were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated January 22, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information Included in the Annual Report

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual report does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have made certain inquiries of management and evaluated the form, content, and methods of preparing the other information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. Such other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and we do not provide any assurance on them.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Modification of the Auditor's Report

We made the following modification to our auditor's report:

An emphasis of matter paragraph was included regarding the implementation of GASB 96, as described above. Our opinions are not modified with respect to this matter.

The Board of Trustees of
South San Antonio Independent School District

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This report is intended solely for the information and use of the Board of Trustees and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas

Uncorrected Misstatements

Account	Description	Debit	Credit
Proposed Journal Entries JE # 3001			
Passed adjustment to correct revenue for E-Rate reimbursement that should have been recognized in the prior period.			
199-00-5949	FEDERAL REVENUES-DIRECT FED	293,576.0	
199-00-3600	BALANCE ACCOUNT		293,576.0
Total		<u>293,576.0</u>	<u>293,576.0</u>
Proposed Journal Entries JE # 3002			
Passed adjustment to correct subscription improperly expensed in the prior			
282-11-6339	TESTING MATERIALS	52,000.0	
282-00-3600	BALANCE ACCOUNT		52,000.0
Total		<u>52,000.0</u>	<u>52,000.0</u>
Proposed Journal Entries JE # 3003			
Passed entry to correct deferred tax revenue in prior period to be net AR less 60-day accrual.			
199-00-5711	TAXES, CURRENT YEAR LEVY	172,918.0	
599-00-5711	TAXES-CURRENT YEAR LEVY E.D.A.	90,982.0	
199-00-3600	BALANCE ACCOUNT		172,918.0
599-00-3480	RETIREMENT OF LONG TERM DEBT		90,982.0
Total		<u>263,900.0</u>	<u>263,900.0</u>

Corrected Misstatements

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1002			
To correct prepaids and expenses in the CY for multi-year agreements and subscriptions that were improperly expensed in full and reverse related recorded revenue.			
429-00-1410	Deferred Expenditures	265,880.00	
429-00-5829	STATE PROGRAM REVENUES-T.E.A.	265,880.00	
429-00-1241	DUE FROM STATE		265,880.00
429-11-6395	TECHNOLOGY		133,880.00
429-13-6299	MISCELLANEOUS CONTR SERVICES		132,000.00
Total		<u>531,760.00</u>	<u>531,760.00</u>
Adjusting Journal Entries JE # 1003			
Adjusting entry to record financed purchase of Print Shop equipment using full accrual basis. Entry includes reversal of capital outlay and other financing source.			
752-00-1549	CAPITAL ASSET: FINANCED PURCHASE	242,415.00	
752-00-2590	FINANCED PURCHASE LIABILITY - LONG TERM	19,401.00	
752-00-2590	FINANCED PURCHASE LIABILITY - LONG TERM	46,080.00	
752-00-7913	PROCEEDS FROM RIGHT TO USE LEASED ASSETS	242,415.00	
752-51-6449	DEPRECIATION EXPENSE	20,201.00	
752-00-1573	ACCUMULATED DEPRECIATION		20,201.00
752-00-2123	FINANCED PURCHASE LIABILITY - CURRENT		46,080.00
752-00-2590	FINANCED PURCHASE LIABILITY - LONG TERM		242,415.00
752-71-6512	CAPITAL LEASE PRINCIPAL		19,401.00
752-81-6659	RIGHT TO USE LEASE ASSETS-FURNITURE AND EQUIPMENT		242,415.00
Total		<u>570,512.00</u>	<u>570,512.00</u>
Adjusting Journal Entries JE # 1004			
To correct deferred tax revenue to be net AR less 60-day accrual.			
199-00-2601	PROPERTY TAXES-DEFERRED	106,059.00	
599-00-2601	PROPERTY TAXES-DEFERRED	61,977.00	
199-00-5711	TAXES, CURRENT YEAR LEVY		106,059.00
599-00-5711	TAXES-CURRENT YEAR LEVY E.D.A.		61,977.00
Total		<u>168,036.00</u>	<u>168,036.00</u>