

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

**Comprehensive Annual Financial Report  
for the Fiscal Year Ended  
June 30, 2019**

**Officials Issuing Report:**

**Dr. Matthew Gutierrez  
Superintendent of Schools**

**Tony Hillberg  
Assistant Superintendent of Business Services**

**Seguin, Texas**

# SEGUIN INDEPENDENT SCHOOL DISTRICT

## Comprehensive Annual Financial Report

Year Ended June 30, 2019

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## **INTRODUCTORY SECTION**



**Independent School District**

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October 29, 2019

Cinde Thomas-Jimenez, President Board of Trustee Members  
Seguin Independent School District 1221 E. Kingsbury St.  
Seguin, Texas 78155

Dear Ms. Thomas-Jimenez and Members of the Board:

The Comprehensive Annual Financial Report (“CAFR”) of the Seguin Independent School District (“Seguin ISD” or the “District”) for the year ended June 30, 2019 is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. (In our opinion, the data, as presented, is accurate in all material aspects; is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds; and all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included in this report.)

The CAFR is presented in four sections: (1) introductory, (2) financial, (3) statistical, and (4) federal awards. The introductory section includes the transmittal letter, a listing of the District's principal officials and advisors, and an organization chart of the District. The financial section includes Management’s Discussion and Analysis (“MD&A”), basic financial statements, combining and individual fund statements and schedules, and required Texas Education Agency schedules, as well as the independent auditors’ report on the financial statements. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors. The statistical section consists of unaudited tables which reflect both financial and demographic information. This data is for the purpose of presenting social and economic information, financial trends and fiscal capacity of the District, and is generally presented on a multi-year basis. The federal awards section includes the single audit reports prepared in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

#### THE REPORTING ENTITY AND ITS SERVICES

This report includes all funds of the District and includes all activities considered by the State of Texas to be part of the K-12 public school system. Seguin ISD is an independent school district incorporated as a political subdivision of the State of Texas.

A seven-member board governs the District in accordance with state statutes and regulations. Members of the Board serve staggered four-year terms without compensation and are elected from single-member districts. The Board of Trustees operates as a policy making body, delegates management to the Superintendent, determines District goals, and evaluates policies in terms of effectiveness in attaining those goals. The Superintendent and the administrative staff execute the policies of the Board, assume responsibility for the operation of the District, make recommendations to the Board in matters of policy and professional personnel, prepare the budget, and report to the Board on matters related to the progress of the District in attaining the goals set by the Board.

The District provides a comprehensive range of school programs and services, as contemplated by state statute, and for 2019 had enrollment of 7,356 students (average daily attendance was 6,572 based on full time enrollments) in grades pre-kindergarten through 12. The District had 13 campuses, including one pre-kindergarten campus, seven elementary schools (grades K-5); two middle schools (grades 6-8); one traditional 5-A high school (grades 9-12); one non-traditional high school learning center (grades 9-12); and one disciplinary alternative campus (grades 2-12).

The ethnicity of the District's student population is 70.9% Hispanic, 22.9% White, 4.6% African-American, .3% Asian, .2% Native American/Pacific Islander and 1.1% two or more. Additionally, 67.3% of students are Economically Disadvantaged.

In addition to regular classroom instruction, the District offers a wide array of programs to meet the needs of its students, including Bilingual/English as a Second Language (ESL) education, special education and career technical education (CTE). Other special programs for accelerated and enriched education include Title I services and gifted and talented instruction. A wide variety of electives in fine arts, athletics, foreign language, physical education, and technology supplement the basic programs.

Accrual of college credit is available to students at Seguin High School through several avenues. Classes, which prepare students for the College Board Advanced Placement Exams, are taught for many subjects. In partnership with the Alamo Colleges, dual credit courses are taught on the high school campus during the school day. Dual credit courses are also offered at the Central Texas Technology Center (CTTC) and through online virtual classes. Concurrent enrollment is provided to qualifying students through a partnership with Texas Lutheran University (TLU) where students take classes on the college campus.

The District's Early College High School designation from the Texas Education Agency has been in place for five years. The comprehensive program allows all qualifying freshman to enroll in the Seguin Early College High School in partnership with Alamo Colleges - St. Philip's College. The students will continue in the program through graduation and have the opportunity to earn up to an Associate degree in conjunction with a high school diploma at no cost to the students or their families. The Class of 2018 represented the first graduating class of Seguin High School students who experienced four years of the Early College High School program.

Seguin ISD's vision is that technology must be authentically integrated to create a relevant, rigorous and engaging learning culture for students and teachers. Technology is integrated into the curriculum at every grade level (pre K-12). At each campus, students enjoy access to computers in the classroom and various laboratory settings including multimedia carts and mobile labs. Laptops and other mobile devices are a part of the core K-8 classrooms along with library media centers. Students can learn Mac, PC, and Chrome platforms, use numerous software programs, and have access to peripherals, digital cameras, and iPads. Seguin High School offers advanced technology courses such as computer science, multimedia, web mastery, information technology and security assurance, computer maintenance, and principals of information technology. Instruction is also offered in pre-engineering, manufacturing technology and computer aided design. All schools have filtered internet access and automated library systems. Technology helps students individualize learning, address deficiencies, and earn credit via special software and lab settings. The integration of technology into the curriculum is a critical component of a 21<sup>st</sup> century education.

Community/school partnerships help to emphasize the importance of high school academic expectations. A variety of civic organizations, including RSVP Volunteers, student groups from Texas Lutheran University, Communities in Schools, and parent volunteers provide mentoring, reading, and tutoring services in the schools. The District partners with the community through the Seguin Education Foundation, a 501(c)(3) not-for-profit foundation, founded for the sole purpose of benefiting students and staff. The foundation is governed by a board of directors comprised of volunteers from a cross-section of the community. Since 2004, the Seguin Education Foundation has provided nearly 300 grants totaling more than \$600,000. Approximately \$60,000 was given in the Fall of 2018. The Foundation funds creative, teacher-initiated projects that enhance instruction and enrich learning.

Seguin ISD is one of the largest employers in the community. The District reported total staff of 1079 with 489 teachers, 105 professional support, 35 campus administrators and 11 central administration staff members. Support staff includes 92 educational aides, 102 clerical/technical and 245 auxiliary staff.

Facilities and campuses in the Seguin ISD range in age with the oldest being more than 100 years old and the newest being two years old.

On May 4, 2019, Seguin ISD voters approved a \$64.7 million bond package with 1,569 (66.23%) votes for and 799 (33.73%) against. The projects, with a maximum tax increase of \$0.05 per \$100 home valuation, include various campus and stadium rebuilds and improvements, playgrounds and land purchase. A community Bond Oversight Committee is in place to oversee these projects.

#### ECONOMIC CONDITION AND OUTLOOK

Seguin Independent School District is located in Guadalupe County and includes the City of Seguin, which is the county seat and principal commercial center. The City of Seguin is experiencing growth in all the business sectors. With a population of 30,000 and strategically located 35 miles east of San Antonio, 50 miles south of Austin, and 160 miles west of Houston, Seguin provides a business climate close to several metropolitan areas without big city challenges. Boasting an abundant and reliable supply of water and electricity, Seguin stands out as an excellent commercial site with a friendly and welcoming residential community as well as one of the highest per-capita concentrations of manufacturing jobs. Toll-road SH-130, which opened in Fall 2012, provides an alternate route to the I-35 gridlock and diverts commuter traffic from I-35 just north of Austin to I-10 at Seguin.

Growth in the manufacturing and business sector continues and a number of new retail establishments are planned for opening throughout 2019 and 2020.

The housing sector experienced the addition of The Meadows at Nolte Farms which added 382 “Express” homes by DR Horton. Greenspoint, a 299-acre master planned community will add over 400 homes according to city estimates.

Seguin also is home to Texas Lutheran University, a nationally recognized school, and the nearby Central Texas Technology Center.

#### FINANCIAL INFORMATION

District Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.



Single Audit- As a recipient of state and federal financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the District. As a part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended June 30, 2019 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

#### ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board on governmental accounting in its 2015 Codification of Government Accounting and Financial Reporting Standards, and subsequent statements and interpretations. The District's accounting records for general governmental operations are maintained on a modified accrual basis as prescribed by the TEA Financial Accountability System Resource Guide.

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting structure. The internal accounting structure is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. All internal control evaluations occur within the above framework. We believe that the District's internal accounting structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

Budgetary control is initiated at the onset when the Board of Trustees adopts the annual appropriated budget. To ensure budgetary compliance, the TEA and the District have established spending regulations and policies. For all administrators with line item or program responsibility, TEA regulations set the level of budgetary control at the major functional expenditure level. Budgetary control is more restrictive at the District level where administrators are held responsible for maintaining and managing their budgets at the detail line item level. All revisions at the function level are approved by the Board of Trustees.

#### CASH MANAGEMENT

The District has a cash management program to maximize the use of the District's cash resources. The cash management policy of the District is to ensure the availability of cash to meet operational needs and to invest surplus cash in a manner to preserve and protect capital but also provide adequate liquidity and earn a market rate of return. Surplus cash on hand was either deposited in the District's depository bank or invested in one of four local government investment pools pursuant to the Interlocal Cooperation Act of 1989. Deposits with the depository bank were in accounts secured at the balance sheet date by FDIC coverage. The deposits were deemed collateralized under Texas Law and the TEA.

The District complies with the School Depository Act by executing a depository agreement with a banking institution for a period of two fiscal years plus two optional two-year extensions. Local banks in the immediate surrounding area are given preference. Competitive proposals are taken with state law setting the general terms of the request for proposal.

ACKNOWLEDGEMENTS

We respectfully acknowledge the responsible and sincere involvement of the school board, administrators, principals, program directors and coordinators in the financial affairs of the District.

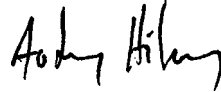
Special appreciation is also expressed to members of the business office staff for their assistance and effort in maintaining the financial records of the District. Individual recognition is directed to Sally Eckhart, Abby Catoe, Christina Garcia, Caroline Hernandez, Roxanne Molina, Jennifer Raske, Susana Navarro, Marsha Long, and Teri Salinas for their combined efforts in maintaining the accounting records and assisting in preparing the various financial reports at year-end. Additional recognition is directed to Superintendent Dr. Matthew Gutierrez, Associate Superintendent Bill Lewis, Assistant Superintendents Dot Whitman and Jason Schmidt, Executive Directors Kirsten Legore and Sean Hoffmann and Officer Mark Cantu for assistance in completing the year-end reports.

Seguin Independent School District publicly solicits the active involvement of all citizens and School District personnel in its financial affairs. Our financial records are available for public inspection and discussion at any reasonable time.

Respectfully submitted,



Dr. Matthew Gutierrez  
Superintendent of Schools



Anthony Hillberg  
Assistant Superintendent of Business Services



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Seguin Independent School District**  
**Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

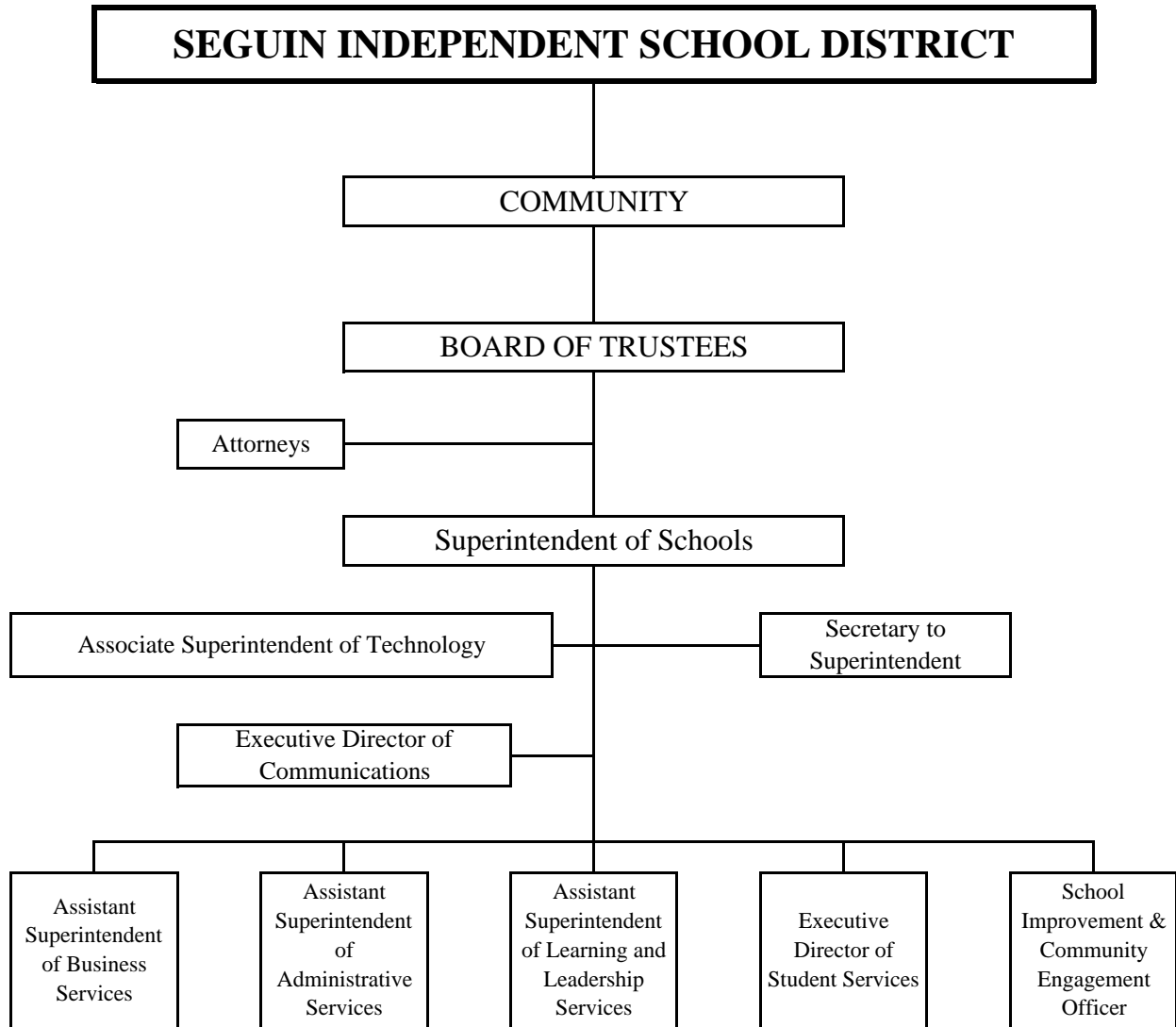
**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

**SEGUIN INDEPENDENT SCHOOL DISTRICT  
ORGANIZATIONAL CHART**

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**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**PRINCIPAL OFFICIALS AND ADVISORS**  
**JUNE 30, 2019**

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<u>Elected Officials</u>	<u>Position</u>
Cinde Thomas-Jimenez	President
Carl Jenkins	Vice President
Benito Amador	Secretary
Alejandro Guerra	Trustee
Linda Duncan	Trustee
Denise Crettenden	Trustee
Glenda Moreno	Trustee
<u>Appointed Officials</u>	<u>Position</u>
Dr. Matthew Gutierrez	Superintendent of Schools
Bill Lewis	Associate Superintendent of Technology
Sean Hoffman	Executive Director of Communications
Anthony Hillberg	Assistant Superintendent of Business Services
Jason Schmidt	Assistant Superintendent of Learning & Leadership Services
Dorothy Whitman	Assistant Superintendent of Administrative Services
Kristen Legore	Executive Director of Student Services
Mark Cantu	School Improvement & Community Engagement Officer

**CERTIFICATE OF BOARD**

Seguin Independent School District

Name of School District

Guadalupe

County

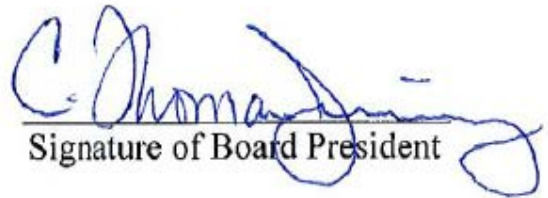
094-901

Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved \_\_\_ disapproved for the year ended June 30, 2019 at a meeting of the Board of Trustees of such school district on the 29 day of October, 2019.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are): (Attach list as necessary.)

## **FINANCIAL SECTION**



MAXWELL LOCKE & RITTER LLP

*Accountants and Consultants*

*An Affiliate of CPAmerica International*

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Austin: 401 Congress Avenue, Suite 1100

Austin, TX 78701

Round Rock: 411 West Main Street, Suite 300

Round Rock, TX 78664

## **INDEPENDENT AUDITORS' REPORT**

The Board of Trustees of  
Seguin Independent School District:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Seguin Independent School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

*"A Registered Investment Advisor"*

*This firm is not a CPA firm*



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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the net pension liability, the schedule of District contributions - pensions, the schedule of the District's proportionate share of the net OPEB liability, the schedule of District contributions - OPEB, and the note to the required supplementary information on pages 4 through 10, 52, 53, 54, 55, and 56 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules, other schedules, 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*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Maxwell Locke + Ritter LLP*

Austin, Texas  
October 29, 2019

## **SEGUIN INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Seguin Independent School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2019. Please read it in conjunction with the District's basic financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The District's combined net position at June 30, 2019 was approximately (\$8.5) million.
- The fund balance for the General Fund at June 30, 2019 was approximately \$31.4 million, an increase of approximately \$2.3 million from the prior year. The increase was primarily due to a transfer from the Capital Projects Fund and higher than anticipated revenues.

### **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 are comprised of three parts: 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 other financial information in addition to the basic financial statements themselves.

**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 that of a private sector business.

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include governmental activities and business-type activities. Governmental activities distinguish functions of the District that are principally supported by taxes, intergovernmental revenues, and user fees and charges. The governmental activities of the District include the education of District students and the programs necessary to support such education. Business-type activities include the rental of a portion of the central administration building and the related costs of maintaining the building.

**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, like 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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds 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 impact of the government's near-term financing decisions. The governmental funds balance sheet provides a reconciliation to facilitate the comparison between total fund balances and net position of governmental activities. There is a reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities on page 15.

The District maintains numerous governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund as they are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget. Supplementary budgetary comparison schedules have also been prepared for the Child Nutrition and Debt Service Funds and are included in the Combining and Individual Fund Statements and Schedules section of this report.

**Proprietary Funds** - The District maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The internal service funds are included within governmental activities in the government-wide financial statements.

**Fiduciary Funds** - The District is the trustee, or *fiduciary*, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**Notes to the 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.

**Other Information** - The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Notes to the Basic Financial Statements. Certain information required by the Texas Education Agency and the federal government regarding tax collection and grant expenditures is also presented along with required supplementary information related to the District's contributions to a cost-sharing pension and OPEB plan with the Teacher Retirement System of Texas.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of the District's financial position. For the year ended June 30, 2019, combined net position was (\$8,461,698), a decrease of \$858,595 as compared to net position for the year ended June 30, 2018 of (\$7,603,103).

Net position for the year ended June 30, 2019 as compared to the year ended June 30, 2018 can be presented as follows:

### Seguin Independent School District's Net Position (In millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	
Current and other assets	\$ 55.7	53.5	\$ 0.4	0.4	\$ 56.1	53.9	4.0%
Capital and non-current	139.8	146.9	-	-	139.8	146.9	(4.8%)
Total assets	195.5	200.4	0.4	0.4	195.9	200.8	(2.4%)
Deferred outflows	19.3	9.5	-	-	19.3	9.5	103.2%
Current liabilities	17.0	16.3	-	-	17.0	16.3	4.3%
Non-current liabilities	195.8	188.9	-	-	195.8	188.9	3.7%
Total liabilities	212.8	205.2	-	-	212.8	205.2	3.7%
Deferred inflows	10.9	12.7	-	-	10.9	12.7	(14.2%)
Net position:							
Net investment in capital assets	(4.1)	(0.1)	-	-	(4.1)	(0.1)	(4,000.0%)
Restricted	10.1	9.0	-	-	10.1	9.0	12.1%
Unrestricted	(14.9)	(16.9)	0.4	0.4	(14.5)	(16.5)	11.8%
Total net position	\$ (8.9)	(8.0)	\$ 0.4	0.4	\$ (8.5)	(7.6)	(11.8%)

The District has an unrestricted net position of (\$14,498,828) as of June 30, 2019.

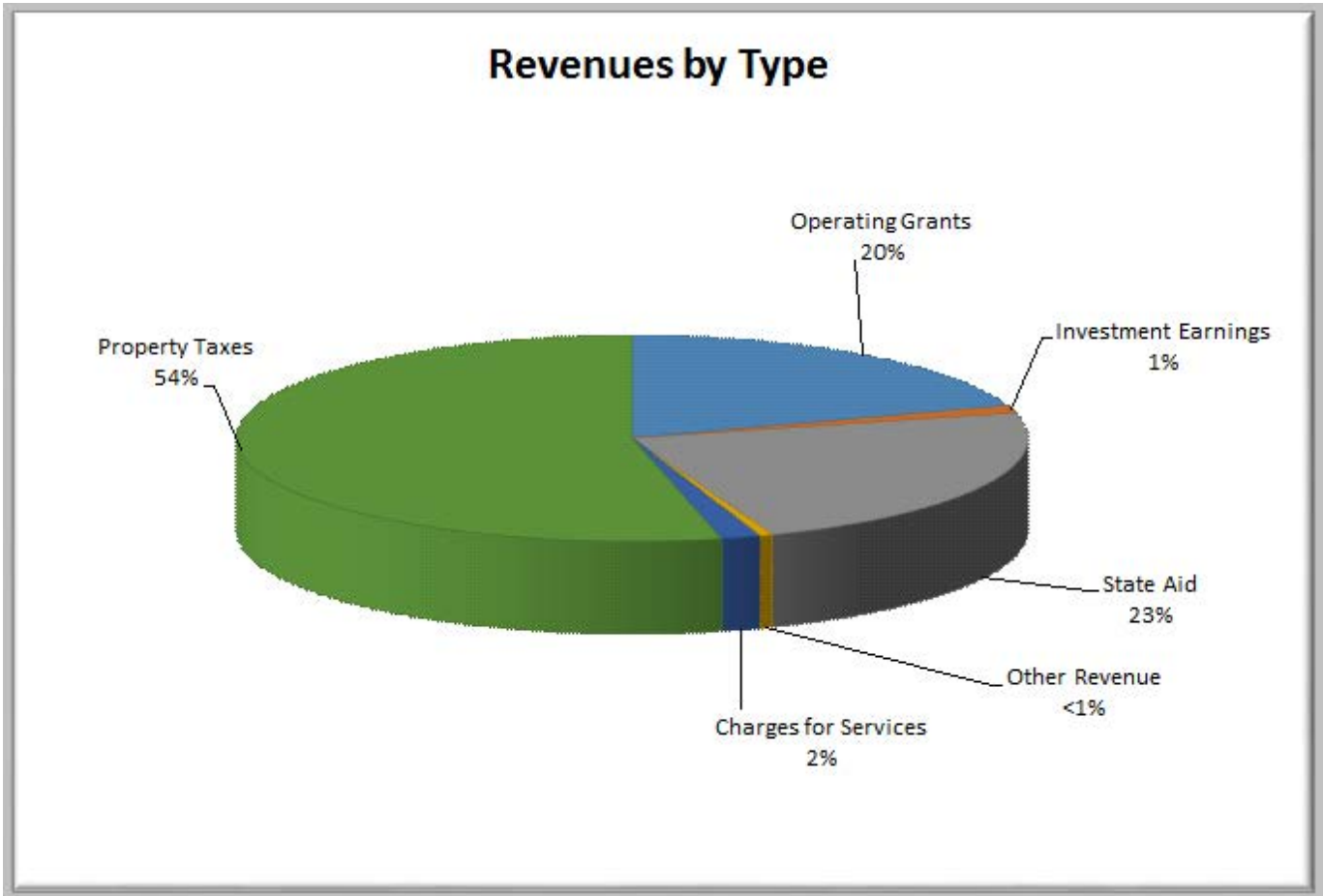
Net position may be restricted for a variety of uses by the District. These restrictions are imposed by bond covenants or federal grant requirements. Restricted net position is available for use in the designated areas only. Unrestricted net position may be used by the District to meet ongoing operating obligations as determined by the Board of Trustees (the "Board").

**Seguin Independent School District's  
Changes in Net Position  
(In millions of dollars)**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	
<u>Program revenues:</u>							
Charges for services	\$ 1.4	1.4	\$ 0.1	0.1	\$ 1.5	1.5	0.0%
Operating grants and contributions	17.8	24.5	-	-	17.8	24.5	(27.3%)
<u>General revenues:</u>							
Property taxes	47.9	45.1	-	-	47.9	45.1	6.2%
State aid formula grants	20.7	22.3	-	-	20.7	22.3	(7.2%)
Investment earnings and other	1.5	1.2	-	-	1.5	1.2	25.0%
Total revenues	89.3	94.5	0.1	0.1	89.4	94.6	(5.5%)
<u>Expenses:</u>							
Instruction	44.6	46.6	-	-	44.6	46.6	(4.3%)
Instructional resources and media services	1.1	1.1	-	-	1.1	1.1	0.0%
Student support services	24.4	23.9	-	-	24.4	23.9	2.1%
General administration	2.9	2.2	-	-	2.9	2.2	31.8%
Support services	10.9	10.1	0.1	0.1	11.0	10.2	7.8%
Community services	0.1	0.1	-	-	0.1	0.1	0.0%
Interest on long-term debt and other debt service	5.5	5.7	-	-	5.5	5.7	(3.5%)
Other	0.7	0.6	-	-	0.7	0.6	16.7%
Total expenses	90.2	90.3	0.1	0.1	90.3	90.4	(0.1%)
Change in net position	\$ (0.9)	4.2	\$ -	-	\$ (0.9)	4.2	(121.4%)

The District's total revenues from governmental activities were \$89,334,673, a decrease of 6% from the prior fiscal year which was primarily due to a decrease in on-behalf contributions for OPEB, included as operating grants and contributions. The cost of all governmental activities for the year ended June 30, 2019 was \$90,202,273, a decrease of less than 1% from the prior fiscal year.

The District's total revenues from business-type activities were \$68,912 and total expenses were \$59,907.



**FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS**

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the District’s governmental funds reported a combined ending fund balance of \$43,033,954. Of this amount, \$30,877,094 constitutes unassigned fund balance available for use in the General Fund activities at the District’s discretion, and an additional \$199,342 in fund balance is nonspendable due to being in the form of prepaid items and inventory. The remainder of the fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it has already been designated for other obligations of the District.

The Debt Service Fund has a total fund balance of \$10,481,705, all of which is restricted for payment of debt service.

The Capital Projects Fund had no fund balance at June 30, 2019 as the remaining funds from previous bond sales were expended during the fiscal year.

**Budgetary Highlights**

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

During the year ended June 30, 2019, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. The General Fund’s actual revenues exceeded budget by approximately \$1.2 million while actual expenditures were \$4.7 million below budgeted amounts.

Over the course of the year, the Board of Trustees revised the budget from time to time. Budget amendments included expenditure increases of approximately \$5.0 million. Changes included increases to instruction and facilities acquisition and construction.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The District’s investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$139,783,420 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, and furniture and equipment.

**Seguin Independent School District  
Capital Assets  
(Net of accumulated depreciation)**

Land and land improvements	\$ 4,078,185
Buildings and improvements	130,978,219
Furniture and equipment	4,727,016
	\$ 139,783,420
Total	\$ 139,783,420

Additional information on the District’s capital assets can be found in Note 7 of this report.

**Long-term Debt**

At the end of the current fiscal year, the District had total bonded debt outstanding of \$138,579,858. The bonded debt constitutes a direct obligation of the District from a continuing, direct ad valorem tax levied against all taxable property of the District without legal limit as to rate or amount. The bonds are also guaranteed by the corpus of the Permanent School fund of the State of Texas. Both Standard & Poor’s Rating Services and Moody’s Investors Services have provided bond ratings of AAA and Aaa, respectively, to the District’s outstanding debt obligations.

Additional information on the District’s long-term debt can be found in Note 9 of this report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

2019-20 budget considerations included maintaining a balanced budget. Expected revenue from ad valorem taxes increased by approximately \$2,596,000 as a result of an overall increase in local property values and the implications of House Bill 3. State Aid is projected to increase approximately \$5,977,000 over the previous school year.

The 2019 Certified Net Taxable Value is \$3.65 billion for the General Fund (M&O taxes) and \$3.74 billion for the Debt Service Fund (I&S taxes). The District participates in a Chapter 313 Property Limitation Agreement that results in different taxable values for the two levies.

Although the District expects continued slow growth in property values, student enrollment has remained similar over the past few years and is not expected to increase for 2019-20. New housing developments are expected to add approximately one hundred homes which should result in slight increase in enrollment in future years.



The 86th Legislative Session brought significant changes to the Texas school finance system including some increased funding and significant property tax rate compression. As a result of the session, the District adopted an operating tax rate of \$0.99 and a debt service tax rate of \$0.385 for a Total Combined Rate of \$1.375 in 2019-2020 fiscal year. This results in a rate \$0.045 lower than the prior year.

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

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Assistant Superintendent of Business Services at the District, 1221 E. Kingsbury Street, Seguin, TX 78155.

## **BASIC FINANCIAL STATEMENTS**

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2019**

**A-1**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 45,629,339	370,081	45,999,420
Receivables:			
Property taxes - delinquent	2,907,535	-	2,907,535
Allowance for uncollectible taxes	(436,130)	-	(436,130)
Due from other governments	6,510,954	-	6,510,954
Internal balances	34	(34)	-
Other receivables	876,306	-	876,306
Inventories	238,035	-	238,035
Prepaid items	16,509	-	16,509
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Land and land improvements	4,078,185	-	4,078,185
Buildings and improvements	130,978,219	-	130,978,219
Furniture and equipment	4,727,016	-	4,727,016
Total assets	<u>195,526,002</u>	<u>370,047</u>	<u>195,896,049</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred charges on bond refundings	3,379,627	-	3,379,627
Pension contributions after measurement date	1,317,772	-	1,317,772
Deferred outflows related to pension liability	11,536,876	-	11,536,876
OPEB contributions after measurement date	350,449	-	350,449
Deferred outflows related to OPEB liability	2,697,658	-	2,697,658
Total deferred outflows of resources	<u>19,282,382</u>	<u>-</u>	<u>19,282,382</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	710,985	200	711,185
Payroll deductions and withholdings payable	199,917	-	199,917
Accrued wages payable	5,675,586	-	5,675,586
Due to other governments	16,245	-	16,245
Due to student groups	304,041	-	304,041
Due to fiduciary funds	133,508	-	133,508
Unearned revenue	133,014	-	133,014
Accrued expenses	680,457	-	680,457
Bond interest payable	2,097,022	-	2,097,022
Bonds payable	7,010,000	-	7,010,000
Noncurrent liabilities:			
Bonds payable	140,560,697	-	140,560,697
Accretion payable	1,327,695	-	1,327,695
Net pension liability	24,584,065	-	24,584,065
Net OPEB liability	29,326,739	-	29,326,739
Total liabilities	<u>212,759,971</u>	<u>200</u>	<u>212,760,171</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to pension liability	1,606,137	-	1,606,137
Deferred inflows related to OPEB liability	9,273,821	-	9,273,821
Total deferred outflows of resources	<u>10,879,958</u>	<u>-</u>	<u>10,879,958</u>
<b>NET POSITION:</b>			
Net investment in capital assets	(4,076,580)	-	(4,076,580)
Restricted for:			
Debt service	8,968,967	-	8,968,967
Grant funds	1,144,743	-	1,144,743
Unrestricted	(14,868,675)	369,847	(14,498,828)
Total net position	<u>\$ (8,831,545)</u>	<u>369,847</u>	<u>(8,461,698)</u>

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

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Statement of Activities**  
**Year Ended June 30, 2019**

**B-1**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Governmental activities:</b>						
Instruction	\$ 44,580,308	2,672	9,204,406	(35,373,230)	-	(35,373,230)
Instructional resources and media services	1,119,656	53,533	72,696	(993,427)	-	(993,427)
Curriculum and staff development	1,671,537	-	761,478	(910,059)	-	(910,059)
Instructional leadership	2,009,974	-	312,785	(1,697,189)	-	(1,697,189)
School leadership	5,327,750	-	472,370	(4,855,380)	-	(4,855,380)
Guidance, counseling, and evaluation services	2,929,480	-	479,570	(2,449,910)	-	(2,449,910)
Social work services	908,714	97	339,563	(569,054)	-	(569,054)
Health services	685,760	-	61,218	(624,542)	-	(624,542)
Student transportation	3,093,768	-	225,433	(2,868,335)	-	(2,868,335)
Food services	5,157,713	829,385	3,938,228	(390,100)	-	(390,100)
Extracurricular activities	2,681,897	536,768	101,202	(2,043,927)	-	(2,043,927)
General administration	2,882,943	19,748	295,440	(2,567,755)	-	(2,567,755)
Facilities maintenance and operations	8,270,456	-	900,929	(7,369,527)	-	(7,369,527)
Security and monitoring services	553,383	2,870	15,993	(534,520)	-	(534,520)
Data processing services	2,052,591	-	126,455	(1,926,136)	-	(1,926,136)
Community services	105,125	-	81,762	(23,363)	-	(23,363)
Interest on long-term debt	5,474,936	-	239,722	(5,235,214)	-	(5,235,214)
Other debt service	9,500	-	-	(9,500)	-	(9,500)
Facilities acquisition and construction	1,871	-	-	(1,871)	-	(1,871)
Payments related to shared services arrangements	113,358	-	113,358	-	-	-
Other intergovernmental charges	571,553	-	-	(571,553)	-	(571,553)
Total governmental activities	\$ 90,202,273	1,445,073	17,742,608	(71,014,592)	-	(71,014,592)
<b>Business-type activities-</b>						
Oak Park Mall	\$ 59,907	60,900	-	-	993	993
Total business-type activities	\$ 59,907	60,900	-	-	993	993
Total primary government	\$ 90,262,180	1,505,973	17,742,608	(71,014,592)	993	(71,013,599)
<b>General revenues:</b>						
Property taxes levied for general purposes				\$ 35,513,821	-	35,513,821
Property taxes levied for debt service				12,384,811	-	12,384,811
State aid formula grants				20,705,009	-	20,705,009
Investment earnings				1,074,239	8,012	1,082,251
Miscellaneous				469,112	-	469,112
Total general revenues				70,146,992	8,012	70,155,004
Change in net position				(867,600)	9,005	(858,595)
Net position - beginning				(7,963,945)	360,842	(7,603,103)
Net position - ending				\$ (8,831,545)	369,847	(8,461,698)

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

# SEGUIN INDEPENDENT SCHOOL DISTRICT

C-1

## Balance Sheet Governmental Funds June 30, 2019

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 30,564,449	10,461,626	1,509,367	42,535,442
Receivables:				
Property taxes - delinquent	2,220,142	687,393	-	2,907,535
Allowance for uncollectible taxes	(333,021)	(103,109)	-	(436,130)
Due from other governments	5,375,484	21,829	1,113,641	6,510,954
Due from other funds	659,319	-	321,549	980,868
Other receivables	876,306	-	-	876,306
Inventories	156,209	-	81,826	238,035
Prepaid items	16,509	-	-	16,509
Total assets	<u>\$ 39,535,397</u>	<u>11,067,739</u>	<u>3,026,383</u>	<u>53,629,519</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>				
Liabilities:				
Accounts payable	\$ 563,345	-	147,640	710,985
Payroll deductions and withholdings payable	199,917	-	-	199,917
Accrued wages payable	4,995,260	-	680,326	5,675,586
Due to other funds	455,057	1,750	627,565	1,084,372
Due to other governments	16,245	-	-	16,245
Due to student groups	-	-	304,041	304,041
Unearned revenue	37,570	-	95,444	133,014
Total liabilities	<u>6,267,394</u>	<u>1,750</u>	<u>1,855,016</u>	<u>8,124,160</u>
Deferred inflows of resources-				
Deferred revenue - property taxes	1,887,121	584,284	-	2,471,405
Fund balances:				
Nonspendable:				
Inventories	156,209	-	26,624	182,833
Prepaid items	16,509	-	-	16,509
Restricted for:				
Grant funds	-	-	1,144,743	1,144,743
Debt service	-	10,481,705	-	10,481,705
Authorized construction	331,070	-	-	331,070
Unassigned	30,877,094	-	-	30,877,094
Total fund balances	<u>31,380,882</u>	<u>10,481,705</u>	<u>1,171,367</u>	<u>43,033,954</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 39,535,397</u>	<u>11,067,739</u>	<u>3,026,383</u>	

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 in the funds	139,783,420
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	2,471,405
The assets and liabilities of the Internal Service Fund are distributed in the statement of net position but are not considered part of the governmental funds	2,383,470
The following liabilities and deferred inflows and outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable, including premiums	(147,570,697)
Less: Deferred charges on bond refundings	3,379,627
Bond interest payable	(2,097,022)
Accretion payable	(1,327,695)
Net pension liability	(24,584,065)
Pension contributions after measurement date	1,317,772
Deferred outflows related to pension liability	11,536,876
Deferred inflows related to pension liability	(1,606,137)
Net OPEB liability	(29,326,739)
OPEB contributions after measurement date	350,449
Deferred outflows related to OPEB liability	2,697,658
Deferred inflows related to OPEB liability	(9,273,821)
Net position of governmental activities	<u>\$ (8,831,545)</u>

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

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2019**

C-2

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Local and intermediate sources	\$ 37,006,836	12,556,508	1,344,122	50,907,466
State program revenues	23,009,400	239,722	1,307,521	24,556,643
Federal program revenues	2,518,145	-	8,279,023	10,797,168
	<u>62,534,381</u>	<u>12,796,230</u>	<u>10,930,666</u>	<u>86,261,277</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	32,637,103	-	4,346,641	36,983,744
Instructional resources and media services	878,809	-	53,589	932,398
Curriculum and staff development	797,107	-	709,884	1,506,991
Instructional leadership	1,475,805	-	183,895	1,659,700
School leadership	4,252,945	-	58,786	4,311,731
Guidance, counseling, and evaluation services	2,133,113	-	303,884	2,436,997
Social work services	500,826	-	282,188	783,014
Health services	550,862	-	276	551,138
Student transportation	2,829,565	-	-	2,829,565
Food services	-	-	4,801,851	4,801,851
Extracurricular activities	1,907,957	-	420,504	2,328,461
General administration	2,236,097	-	1,185	2,237,282
Facilities maintenance and operations	7,097,369	-	58,291	7,155,660
Security and monitoring services	456,872	-	23,472	480,344
Data processing services	1,569,572	-	120,755	1,690,327
Community services	21,093	-	80,238	101,331
Debt service:				
Principal on long-term debt	665,000	5,062,660	-	5,727,660
Interest on long-term debt	-	6,645,780	-	6,645,780
Other debt service expenditures	-	9,500	-	9,500
Facilities acquisition and construction	827,187	-	22,265	849,452
Intergovernmental:				
Payments related to shared services arrangements	-	-	113,358	113,358
Other intergovernmental charges	571,553	-	-	571,553
	<u>61,408,835</u>	<u>11,717,940</u>	<u>11,581,062</u>	<u>84,707,837</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>1,125,546</u>	<u>1,078,290</u>	<u>(650,396)</u>	<u>1,553,440</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Other resources	-	-	501,272	501,272
Transfers in	1,187,275	-	-	1,187,275
Transfers out	-	-	(1,187,275)	(1,187,275)
	<u>1,187,275</u>	<u>-</u>	<u>(686,003)</u>	<u>501,272</u>
Net change in fund balances	2,312,821	1,078,290	(1,336,399)	2,054,712
Fund balances--beginning	29,068,061	9,403,415	2,507,766	40,979,242
Fund balances--ending	<u>\$ 31,380,882</u>	<u>10,481,705</u>	<u>1,171,367</u>	<u>43,033,954</u>

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

**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended June 30, 2019**

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Net change in fund balances - total governmental funds	\$ 2,054,712
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	1,978,838
Depreciation expense	(9,084,006)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred tax revenue	(20,223)
The revenues and expenses of the Internal Service Fund are distributed in the statement of activities and it is not considered a governmental fund. The difference is the amount of net loss.	
	(260,525)
Bond and proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Repayment of bond principal	5,727,660
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in bond interest payable	25,524
Change in accretion payable	946,273
Amortization of deferred charges on refunding	(326,631)
Amortization of bond premiums	525,678
Pension contributions made during the measurement year	1,504,612
Change in pension contributions made after the measurement date	49,427
Proportionate share of collective pension expense	(11,536,282)
Adjustment for ending deferred inflows and outflows related to net pension liability	7,946,587
OPEB contributions made during the measurement year	404,998
Change in OPEB contributions made after the measurement date	10,432
Proportionate share of collective OPEB expense	(4,703,819)
Adjustment for ending deferred inflows and outflows related to net OPEB liability	3,889,145
Change in net position of governmental activities	\$ (867,600)

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

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2019**

C-4

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Local and intermediate sources	\$ 35,903,763	36,589,341	37,006,836	417,495
State program revenues	23,289,371	23,047,914	23,009,400	(38,514)
Federal program revenues	1,697,000	1,697,000	2,518,145	821,145
Total revenues	<u>60,890,134</u>	<u>61,334,255</u>	<u>62,534,381</u>	<u>1,200,126</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	33,355,547	34,599,036	32,637,103	1,961,933
Instructional resources and media services	957,343	969,084	878,809	90,275
Curriculum and staff development	985,487	968,350	797,107	171,243
Instructional leadership	1,590,631	1,574,182	1,475,805	98,377
School leadership	4,146,287	4,395,989	4,252,945	143,044
Guidance, counseling, and evaluation services	2,265,258	2,270,410	2,133,113	137,297
Social work services	495,830	511,441	500,826	10,615
Health services	548,209	586,797	550,862	35,935
Student transportation	2,883,209	2,910,185	2,829,565	80,620
Extracurricular activities	2,028,711	2,062,593	1,907,957	154,636
General administration	2,035,061	2,296,284	2,236,097	60,187
Facilities maintenance and operations	6,335,089	7,825,009	7,097,369	727,640
Security and monitoring services	432,917	489,798	456,872	32,926
Data processing services	1,460,585	1,752,887	1,569,572	183,315
Community services	71,376	75,462	21,093	54,369
Principal on long-term debt	-	665,000	665,000	-
Facilities acquisition and construction	-	1,592,187	827,187	765,000
Intergovernmental:				
Other intergovernmental charges	535,325	575,325	571,553	3,772
Total expenditures	<u>60,126,865</u>	<u>66,120,019</u>	<u>61,408,835</u>	<u>4,711,184</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>763,269</u>	<u>(4,785,764)</u>	<u>1,125,546</u>	<u>5,911,310</u>
<b>OTHER FINANCING SOURCES -</b>				
Transfers in	-	682,000	1,187,275	505,275
Total other financing sources	<u>-</u>	<u>682,000</u>	<u>1,187,275</u>	<u>505,275</u>
Net change in fund balance	763,269	(4,103,764)	2,312,821	6,416,585
Fund balance--beginning	<u>29,068,061</u>	<u>29,068,061</u>	<u>29,068,061</u>	<u>-</u>
Fund balance--ending	<u>\$ 29,831,330</u>	<u>24,964,297</u>	<u>31,380,882</u>	<u>6,416,585</u>

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



**SEGUIN INDEPENDENT SCHOOL DISTRICT**

D-1

**Statement of Net Position  
Proprietary Funds  
June 30, 2019**

	<b>Business-type Activities- Nonmajor Enterprise Fund</b>	<b>Governmental Activities- Internal Service Funds</b>	<b>Total Proprietary Funds</b>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 370,081	\$ 3,093,897	\$ 3,463,978
Total current assets	<u>370,081</u>	<u>3,093,897</u>	<u>3,463,978</u>
Noncurrent assets-			
Capital assets:			
Buildings and improvements	-	85,496	85,496
Accumulated depreciation	-	(51,397)	(51,397)
Total noncurrent assets	<u>-</u>	<u>34,099</u>	<u>34,099</u>
Total assets	<u>370,081</u>	<u>3,127,996</u>	<u>3,498,077</u>
<b>LIABILITIES-</b>			
Current liabilities:			
Accounts payable	200	-	200
Due to other funds	34	29,970	30,004
Accrued expenses	-	680,457	680,457
Total liabilities	<u>234</u>	<u>710,427</u>	<u>710,661</u>
<b>NET POSITION:</b>			
Net investment in capital assets	-	34,099	34,099
Unrestricted	<u>369,847</u>	<u>2,383,470</u>	<u>2,753,317</u>
Total net position	<u>\$ 369,847</u>	<u>\$ 2,417,569</u>	<u>\$ 2,787,416</u>

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

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2019**

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	<b>Business-type Activities- Nonmajor Enterprise Fund</b>	<b>Governmental Activities- Internal Service Funds</b>	<b>Total Proprietary Funds</b>
<b>Operating revenues-</b>			
Charges for services	\$ 60,900	\$ 494,443	\$ 555,343
Total operating revenues	<u>60,900</u>	<u>494,443</u>	<u>555,343</u>
<b>Operating expenses:</b>			
Other supplies and expenses	-	441,053	441,053
Payroll costs	32,288	30,631	62,919
Contractual services	25,615	300,586	326,201
Insurance and bonding costs	2,004	52,649	54,653
Depreciation	-	2,850	2,850
Total operating expenses	<u>59,907</u>	<u>827,769</u>	<u>887,676</u>
Operating income (loss)	<u>993</u>	<u>(333,326)</u>	<u>(332,333)</u>
<b>Nonoperating revenues-</b>			
Investment and interest income	<u>8,012</u>	<u>72,801</u>	<u>80,813</u>
Total nonoperating revenues	<u>8,012</u>	<u>72,801</u>	<u>80,813</u>
Change in net position	9,005	(260,525)	(251,520)
Total net position--beginning	<u>360,842</u>	<u>2,678,094</u>	<u>3,038,936</u>
Total net position--ending	<u>\$ 369,847</u>	<u>\$ 2,417,569</u>	<u>\$ 2,787,416</u>

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

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2019**

D-3

	<b>Business-type Activities- Nonmajor Enterprise Fund</b>	<b>Governmental Activities- Internal Service Funds</b>	<b>Total Proprietary Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers/contributors	\$ 60,900	\$ 494,443	\$ 555,343
Payments to suppliers	(59,907)	(655,010)	(714,917)
Payments to employees	-	(37,610)	(37,610)
Other payments made for interfund services provided	20,566	-	20,566
Net cash provided by (used in) operating activities	<u>21,559</u>	<u>(198,177)</u>	<u>(176,618)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES-</b>			
Interest received	8,012	72,801	80,813
Net change in cash and cash equivalents	29,571	(125,376)	(95,805)
Cash and cash equivalents - beginning of the year	340,510	3,219,273	3,559,783
Cash and cash equivalents - end of the year	<u>\$ 370,081</u>	<u>\$ 3,093,897</u>	<u>\$ 3,463,978</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 993	\$ (333,326)	\$ (332,333)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	2,850	2,850
Decrease in accounts payable	-	(6)	(6)
Increase (decrease) in due to other funds	34	(6,979)	(6,945)
Decrease in due from other funds	20,532	-	20,532
Increase in accrued expenses	-	139,284	139,284
Net cash provided by (used in) operating activities	<u>\$ 21,559</u>	<u>\$ (198,177)</u>	<u>\$ (176,618)</u>

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

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

E-1

**Statement of Fiduciary Net Position**

**Fiduciary Funds**

**June 30, 2019**

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	<b>Agency Funds</b>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 218,501
Due from other funds	133,508
	<hr/>
Total assets	\$ 352,009
	<hr/> <hr/>
<b>LIABILITIES:</b>	
Due to student groups	223,103
Other payables	128,906
	<hr/>
Total liabilities	\$ 352,009
	<hr/> <hr/>

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

# SEGUIN INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **The Financial Reporting Entity**

This report includes those activities, organizations and functions which are related to the Seguin Independent School District (the "District") and which are controlled by or dependent upon the District's governing body, the Board of Trustees (the "Board"). The Board, a seven member group, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB"), since Board members are elected by the public and have decision making authority. There are no component units included within the reporting entity.

The accounting policies of the District comply with the rules prescribed by the Texas Education Agency's ("TEA") Financial Accountability System Resource Guide. These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

#### **Government-wide and Fund 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 District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Major individual governmental funds are reported as separate columns in the fund financial statements.

## **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements, although agency funds have no measurement focus. 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. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include state and federal program revenues and interest income. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

Additionally, the District reports the following fund types:

The Capital Projects Fund includes the proceeds from the sale of bonds and other revenues to be used for authorized construction and other capital asset acquisitions.

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds. The District uses project accounting to maintain integrity for the various sources of funds.

The Enterprise Fund is a proprietary fund used to account for the operations of the District's Oak Park Mall.

Internal Service Funds are proprietary funds that are used to account for the District's workers compensation insurance and employee day care.

Agency Funds are unbudgeted funds and are used to account for activities of student groups and other types of activities requiring clearing accounts. These funds have no equity, assets are equal to liabilities, and they do not include revenues and expenditures for general operations of the District.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are interfund charges for workers compensation and daycare for children of students and employees. The principal operating revenues of the District's enterprise fund are charges for use of the District's Oak Park Mall. Operating expenses include administrative, facilities maintenance and operations, security and monitoring services, data processing services, and community service expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Budgetary Information**

Budgets are prepared annually for the General Fund, Debt Service Fund, and Food Service Fund (special revenue fund) on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by June 20 and is adopted by the Board at a public meeting after ten days public notice of the meeting has been given. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was amended by the Board as needed throughout the year.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30th, and encumbrances outstanding at that time are to be either canceled or provided for in the subsequent year's budget. There were no material outstanding encumbrances at June 30, 2019 that were provided for in the subsequent year's budget.

## **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**

Investments - Temporary investments throughout the year consisted of investments in external local government investment pools (reported within cash and cash equivalents) which are recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District is entitled to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, certain Federal agency securities and other types of municipal bonds, fully collateralized repurchase agreements, commercial paper and local government investment pools. The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policy. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Inventories - Inventories in the General Fund and Nonmajor Governmental Funds consist of expendable supplies held for consumption. Inventories are charged to expenditures when consumed. Supply inventory is recorded at cost using the FIFO method.

Federal food commodities inventory is stated at fair value and at year end is recorded as unearned revenue. Revenue is recognized at fair value when commodities are distributed to the schools.

Prepaid Items - 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. Prepaid items are charged to expenditures when consumed.

Capital Assets - Capital assets, which include land and land improvements, buildings and improvements, and furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. The District has no infrastructure assets. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000. Such assets are recorded at historical cost if purchased or acquisition value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and land improvements) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - 30 years, furniture and equipment - 3 to 10 years.

Ad Valorem Property Taxes - Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.



Accumulated Sick Leave Liability - The State of Texas (the “State”) has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district’s local board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the State minimum. Upon the retirement of employees who have worked for the District ten years, the District pays professional employees \$75 per day and paraprofessional employees \$50 per day for any unused accrued sick leave days. The estimated liability to the District is not considered to be material to the financial statements and is not recorded.

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

Other Post-Employment Benefits - The fiduciary net position of the 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 other post-employment benefits (“OPEB”) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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.

Fund Equity/Net Position - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 10 for additional information on those fund balance classifications.

Statement of Cash Flows - For purposes of the statement of cash flows of the Proprietary Funds, the District considers all liquid investments (including external investment pools) with original maturities of 90 days or less to be cash equivalents.

Deferred Outflows and Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District’s net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District’s acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 8, Note 12, and Note 13 for additional information on deferred inflows and outflows of resources.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Use of Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount 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.

### **Recently Issued Accounting Pronouncements**

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended June 30, 2021.

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. The objective of GASB Statement No. 84 is to improve accounting and financial reporting for fiduciary activities by establishing criteria for identifying fiduciary activities, requiring that all fiduciary funds present a statement of fiduciary net position and a statement of changes in fiduciary net position, except for business-types activities that normally expect to hold custodial assets for three months or less, and providing descriptions of the four types of fiduciary funds that should be reported, if applicable. GASB Statement No. 84 also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Management is evaluating the effects that the full implementation of GASB Statement No. 84 will have on its financial statements for the year ended June 30, 2020.

## **2. DEPOSITS, SECURITIES AND INVESTMENTS**

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are preservation and safety of principal, liquidity and yield.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending programs
- Banker's acceptance
- Commercial paper
- Money market funds and no-load mutual funds
- Guaranteed investment contracts
- Public funds investment pools

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore, the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At June 30, 2019, the carrying amount of the District's deposits (cash in bank) was \$208,638 and the actual bank balance was \$1,256,547.

The District’s deposits with financial institutions at June 30, 2019 were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name. During the year ended June 30, 2019, there was an instance in which the District’s deposits were not fully collateralized by FDIC insurance or by pledged collateral and thus were exposed to custodial credit risk. This instance was due to a change at the District’s depository which impacted the timing of how the depository processes transfers and deposits between accounts. This resulted in one instance where the pledged collateral was insufficient but this was remedied the next day and did not occur again during the year as adjustments have been made at the depository to prevent this from occurring in the future.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: First Commercial Bank
- b) Amount of bond and / or security pledged as of the date of the highest combined balance on deposit was \$4,105,426
- c) Largest cash, savings and time deposit combined account balance amounted to \$4,737,682 and occurred during the month of March 2019.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Investments held at June 30, 2019 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor’s Rating
Local governmental investment pools:			
TexPool	\$ 3,228,180	1	AAAm
Texas CLASS	8,732,456	1	AAAm
Lone Star	33,632,789	1	AAAf
Logic	415,858	1	AAAm
Total	<u>\$ 46,009,283</u>		

The District had investments in four external local government investment pools at June 30, 2019: Texas Local Governmental Investment Pool (“TexPool”), Lone Star Investment Pool (“Lone Star”), Texas CLASS Investment Pool (“Texas CLASS”), and Local Government Investment Cooperative (“LOGIC”). Although TexPool, Lone Star, Texas CLASS, and LOGIC are not registered with the SEC as investment companies, they operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. These investments are stated at amortized cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool's investment policy, which is made up equally of participants and non-participants who do not have a business relationship with TexPool. Federated Investors manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

Lone Star is governed by an eleven member board of trustees, in which all of the members are also participants in Lone Star. The board meets quarterly to review operations, adopt or make changes to the investment policy, review financial activity and approve contractor agreements. Lone Star also has an advisory board consisting of participants and non-participants. RBC Capital Markets, Inc. is an independent consultant for Lone Star that reviews daily operations, analyzes all investment transactions for compliance with the Public Funds Investment Act, and performs monitoring activities. The Bank of New York provides custody and valuation services for Lone Star. American Beacon Advisors and Standish Mellon provide other investment management services. Lone Star's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

Texas CLASS is administered and supervised by a seven-member board of trustees, whose members are investment officers of the participants in Texas CLASS. Texas CLASS has contracted with MBIA Municipal Investors Service Corporation to provide for the investment and management of the public funds of Texas CLASS. Separate financial statements for Texas CLASS may be obtained by contacting MBIA Asset Management at 815-A Brazos Street, Suite 345, Austin, Texas 78701-9996, or by calling 800-707-6242.

LOGIC is an investment program for local governments within the State of Texas. LOGIC is governed by a board of trustees consisting of individuals from participating government entities. JP Morgan Investment Management, Inc. and First Southwest provide investment management services. Investments are subject to the strict requirements of the Public Funds Investment Act and LOGIC may invest in any of the securities authorized by statute. LOGIC must demonstrate compliance with Chapter 2256, Sections .016, .017, .018, and .019.

In accordance with GASB Statement No. 79, the external local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At June 30, 2019, investments were included in external local governmental investment pools in compliance with the District's investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent not in the District's name. At June 30, 2019, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. Government. At June 30, 2019, the District had 100% of its investments in external local government investment pools.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the investment policy requires the District to monitor interest rate risk using weighted average maturity and specific identification. Maturities of any individual investment owned by the District should not exceed one year from the time of purchase unless the Board specifically authorizes a longer maturity for a given investment, within legal limits. The District considers the holdings in the external local government investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At June 30, 2019, the District was not exposed to significant interest rate risk.

### **3. APPRAISAL DISTRICT**

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Guadalupe Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the District's Board sets the tax rates on property and the Guadalupe County tax assessor / collector provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every four years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2018, upon which the October 2018 levy was based, was \$3,593,469,204. The District levied taxes based on a combined tax rate of \$1.42 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

In May 1993, the Texas Legislature passed Senate Bill 7. Senate Bill 7 significantly changed certain aspects of the school finance system relative to accountability, teacher appraisal, career ladder, funding allotments, district local share, distribution of Foundation School Funds, tax limitations and rollback tax provisions. Funding equalization for school districts is a major component of the bill. Districts with wealth per student in excess of \$319,500 are required to take action to bring their wealth down to the equalized State level. Each year, the TEA notifies school districts in which property wealth per Weighted Average Daily Attendance ("WADA") meets or exceeds \$319,500. However, the final determination of whether a school district will be required to make recapture payments is based on the district's tax effort and the extent to which the district's wealth per WADA exceeds the first equalized wealth level of \$514,000. The District was not above the equalized wealth level for the 2018-2019 fiscal year.

In 2005, the Texas Legislature passed House Bill 1. House Bill 1 changed the way school districts receive revenue from both state and local sources. Districts that had reached the tax rate cap of \$1.50 per \$100 of assessed value for maintenance and operations were compressed to \$1.33 in 2006 and \$1.00 in 2007. Local school boards retained the option of adding up to four cents to the local compressed rate without approval, and the District has exercised that option for the fiscal year 2019 tax levy.

#### 4. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. These amounts are reported in the basic financial statements as Due from Other Governments and are summarized below as of June 30, 2019.

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
State entitlements	\$ 5,299,042	-	-	5,299,042
Federal and state grants	11,198	-	1,113,641	1,124,839
Other	65,244	21,829	-	87,073
Total	<u>\$ 5,375,484</u>	<u>21,829</u>	<u>1,113,641</u>	<u>6,510,954</u>

#### 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds.” The composition of interfund balances as of June 30, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 627,565
General Fund	Internal Service Fund	29,970
General Fund	Enterprise Fund	34
General Fund	Debt Service Fund	1,750
Nonmajor Governmental Funds	General Fund	321,549
Fiduciary Fund	General Fund	133,508
Total		<u>\$ 1,114,376</u>

During the year, the Capital Projects Fund transferred \$1,187,275 to the General Fund to fund capital projects from funds that were not related to bond proceeds and thus were not restricted on their use.

## 6. UNEARNED REVENUE

At June 30, 2019, unearned revenue in governmental funds consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Federal and state grants	\$ -	95,444	95,444
Other	37,570	-	37,570
Total	<u>\$ 37,570</u>	<u>95,444</u>	<u>133,014</u>

## 7. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated-				
Land and land improvements	\$ 4,078,185	-	-	4,078,185
Capital assets, being depreciated:				
Buildings and improvements	201,825,791	847,580	-	202,673,371
Furniture and equipment	13,224,965	1,131,258	(190,697)	14,165,526
Total capital assets being depreciated	<u>215,050,756</u>	<u>1,978,838</u>	<u>(190,697)</u>	<u>216,838,897</u>
Less accumulated depreciation for:				
Buildings and improvements	(63,737,815)	(7,957,337)	-	(71,695,152)
Furniture and equipment	(8,499,688)	(1,129,519)	190,697	(9,438,510)
Total accumulated depreciation	<u>(72,237,503)</u>	<u>(9,086,856)</u>	<u>190,697</u>	<u>(81,133,662)</u>
Total capital assets, being depreciated, net	<u>142,813,253</u>	<u>(7,108,018)</u>	<u>-</u>	<u>135,705,235</u>
Governmental activities capital assets, net	<u>146,891,438</u>	<u>(7,108,018)</u>	<u>-</u>	<u>139,783,420</u>



Depreciation expense was charged to functions/programs of the District as follows:

**Governmental activities:**

Instruction	\$ 4,621,911
Instruction resources and media services	124,453
Curriculum and staff development	112,883
Instructional leadership	208,996
School leadership	602,282
Guidance, counseling and evaluation services	302,081
Social work services	70,925
Health services	78,010
Student transportation	400,710
Food services	679,836
Extracurricular activities	270,196
General administration	316,665
Facilities maintenance and operations	1,005,096
Security and monitoring services	64,700
Data processing services	222,275
Community services	2,987
Depreciation charged to the District's internal service funds	<u>2,850</u>
Total depreciation expense - governmental activities	<u><u>\$ 9,086,856</u></u>

**8. DEFERRED CHARGES ON BOND REFUNDINGS**

The following is a summary of changes in deferred charges on bond refundings for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Deferred charges on refundings	<u>\$ 3,706,258</u>	<u>-</u>	<u>(326,631)</u>	<u>3,379,627</u>

**9. LONG-TERM DEBT**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
General obligation bonds and maintenance tax notes	\$144,307,518	-	(5,727,660)	138,579,858
Premiums on bonds	<u>9,516,517</u>	<u>-</u>	<u>(525,678)</u>	<u>8,990,839</u>
Total debt payable - principal	153,824,035	-	(6,253,338)	147,570,697
Accretion on capital appreciation bonds	<u>2,273,968</u>	<u>71,067</u>	<u>(1,017,340)</u>	<u>1,327,695</u>
Total debt payable	<u><u>\$156,098,003</u></u>	<u><u>71,067</u></u>	<u><u>(7,270,678)</u></u>	<u><u>148,898,392</u></u>

Current portion of long-term liabilities at June 30, 2019 is as follows:

General obligation bonds and maintenance tax notes	\$ 7,010,000
Accretion on capital appreciation bonds	-
Total	<u>\$ 7,010,000</u>

Bonded debt and maintenance tax notes consist of the following at June 30, 2019:

General obligation bonds:

Series	Date of Issue	Amounts of Original Issue	Matures Through	Interest Rate	Outstanding at 6-30-19	Due Within One Year
2006	10-12-06	\$ 8,894,858	2024	4.00% 2.00 -	\$ 9,858	\$ -
2010	7-22-10	9,725,000	2023	4.00% 0.35 -	4,555,000	1,230,000
2013	4-9-13	10,135,000	2023	2.55% 4.00 -	5,585,000	1,350,000
2014	2-28-14	44,770,000	2045	5.00% 2.00 -	44,770,000	-
2015	9-29-15	37,065,000	2046	5.00% 2.00 -	34,815,000	745,000
2016	3-30-16	33,375,000	2036	5.00% 2.00 -	33,215,000	3,020,000
2016-A	6-8-16	7,045,000	2028	5.00%	6,960,000	-
Maintenance tax notes-						
2016-Z	10-18-16	<u>10,000,000</u>	2032	0.00%	<u>8,670,000</u>	<u>665,000</u>
Total		<u>\$161,009,858</u>			<u>\$138,579,858</u>	<u>\$ 7,010,000</u>

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District without limitation as to rate. The Texas Education Code generally prohibits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness exceeds \$0.50 per \$100 of assessed valuation of taxable property within the District. The District's debt service rate for tax year 2019 was \$0.36.

The District issued \$10,000,000 in Unlimited Tax Maintenance Notes, Series 2016Z as part of the Qualified Zone Academy Bond ("QZAB") program to make equipment purchases and public safety, security and ADA improvements at District facilities, including the renovation and equipment of the high school facility and adjacent athletic facility. The QZAB program is a federal program that provides bond holders with tax credits that approximately equal to the interest that states and communities would ordinarily pay the holders of taxable bonds. The District has pledged as collateral the proceeds of a continuing direct annual ad valorem tax, within the limits prescribed by law, upon all taxable property of the District, sufficient to pay each installment of principal on the maintenance tax notes.

The annual principal installments for each of the outstanding issues vary each year. As of June 30, 2019, the debt service requirements to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 7,010,000	5,481,197	12,491,197
2021	7,250,000	5,237,498	12,487,498
2022	7,515,000	4,973,483	12,488,483
2023	7,755,000	4,684,447	12,439,447
2024	5,179,858	5,988,368	11,168,226
2025 – 2029	29,080,000	18,555,052	47,635,052
2030 – 2034	24,140,000	13,152,774	37,292,774
2035 - 2039	20,405,000	8,391,671	28,796,671
2040 – 2044	23,015,000	3,879,113	26,894,113
2045 - 2046	7,230,000	228,606	7,458,606
Total	\$ 138,579,858	70,572,209	209,152,067

The outstanding 2006 Series Bonds include Capital Appreciation Bonds. The interest shown above, with respect to the Capital Appreciation Bonds, includes the interest to be paid on bonds maturing in the respective years and does not include accrued interest on bonds not maturing in those years.

As of June 30, 2019, there were \$64,700,000 in general obligation bonds authorized by voters of the District, but unissued.

## 10. FUND BALANCES

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board or Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The District's unassigned fund balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund balance may only be appropriated by resolution of the Board. Fund balance of the District may be committed for a specific purpose by formal action of the Board and may be established, modified, or rescinded only through a resolution approved by the Board. When appropriate for fund balance to be assigned, the Board delegates authority to the Superintendent or the Assistant Superintendent of Business Services. In circumstances where expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. The Board adopted a policy (the "Policy") requiring the District to maintain a minimum annual unassigned fund balance of 25% of the General Fund operating expenditures (excluding non-recurring items). Under the Policy, if appropriations from the General Fund reduce the unassigned fund balance to less than 25% of General Fund operating expenditures (excluding non-recurring items), the District shall establish a budgetary plan to replenish the unassigned fund balance to 25%.

The detail of the fund balances are included in the Governmental Funds Balance Sheet on page 13.

## 11. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended June 30, 2019, revenues from local and intermediate sources in governmental funds consisted of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 35,069,079	12,227,258	-	47,296,337
Food service	-	-	829,385	829,385
Investment income	760,097	181,406	59,935	1,001,438
Penalties, interest, and other tax related income	474,674	147,844	-	622,518
Co-curricular student activities	142,099	-	453,841	595,940
Other	560,887	-	961	561,848
Total	<u>\$ 37,006,836</u>	<u>12,556,508</u>	<u>1,344,122</u>	<u>50,907,466</u>

## **12. DEFINED BENEFIT PENSION PLANS**

### **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 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 TRS.

### **Pension Plan Fiduciary Net Position**

Detailed information about TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

### **Benefits Provided**

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

### **Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of TRS during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85<sup>th</sup> Texas Legislature, General Appropriations Act (“GAA”) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

	<u>2018</u>	<u>2019</u>
Contribution Rates:		
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
FY 2019 District Contributions		\$ 1,553,829
FY 2019 Member Contributions		\$ 3,488,295
FY 2019 NECE On-behalf Contributions		\$ 1,880,398

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 GAA.

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

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

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

- When employing a retiree of TRS the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

### **Actuarial Assumptions**

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

	August 31, 2017 rolled forward to August 31, 2018
Valuation Date	August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Payroll Growth Rate	3.00%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

### **Discount Rate**

The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2018 are summarized below.

Asset Class:	Target Allocation (1)	Long-Term Expected Arithmetic Real Rate of Return (2)	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18%	5.7%	1.0%
Non-U.S. Developed	13%	6.9%	0.9%
Emerging Markets	9%	8.9%	0.8%
Directional Hedge Funds	4%	3.5%	0.1%
Private Equity	13%	10.2%	1.3%
Stable Value			
U.S. Treasuries	11%	1.1%	0.1%
Absolute Return	0%	0.0%	0.0%
Stable Value Hedge Funds	4%	3.1%	0.1%
Cash	1%	(0.3%)	0.0%
Real Return			
Global Inflation-Linked Bonds	3%	0.7%	0.0%
Real Assets	14%	5.2%	0.7%
Energy and Natural Resources	5%	7.5%	0.4%
Commodities	0%	0.0%	0.0%
Risk Parity			
Risk Parity	5%	3.7%	0.2%
Inflation Expectation			2.3%
Volatility Drag (3)			(0.8%)
Total	100%		7.2%

(1) Target allocations are based on the FY2016 policy model

(2) Capital market assumptions come from Aon Hewitt (2017 Q4)

(3) The volatility drag results from the conversion between arithmetic and geometric mean returns

### Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the 2018 Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
District's proportionate share of the net pension liability	\$ 37,103,249	\$ 24,584,065	\$ 14,449,043



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

At June 30, 2019, the District reported a liability of \$24,584,065 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 24,584,065
State's proportionate share that is associated with the District	<u>34,038,349</u>
Total	<u>\$ 58,622,414</u>

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

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.0447% which was a decrease of 0.0008% from its proportion measured as of August 31, 2017.

### **Changes Since the Prior Actuarial Valuation**

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

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

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

For the year ended June 30, 2019, the District recognized pension expense of \$3,589,485 and revenue of \$3,368,889 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 153,237	\$ 603,196
Changes in actuarial assumptions	8,863,740	276,992
Difference between projected and actual investment earnings	-	466,465
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,519,899	259,484
Contributions paid to TRS subsequent to the measurement date	<u>1,317,772</u>	<u>-</u>
Total	<u>\$ 12,854,648</u>	<u>\$ 1,606,137</u>

The \$1,317,772 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Pension Expense Amount</u>
Year ended June 30:	
2020	\$ 2,731,055
2021	1,749,412
2022	1,464,185
2023	1,570,433
2024	1,473,321
Thereafter	942,333

### 13. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

#### Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (“TRS-Care”). It is a multiple-employer, cost-sharing OPEB plan that has a special funding situation. The plan is administered through a trust by the TRS Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

#### OPEB Plan Fiduciary Net Position

Detailed information about TRS-Care’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

#### Benefits Provided

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

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

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

	<u>Medicare</u>	<u>Non-Medicare</u>
TRS-Care Monthly for Retirees		
January 1, 2018 through December 31, 2018:		
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999
<i>*or surviving spouse</i>		

## 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 0.75% 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 GAA. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>2018</u>	<u>2019</u>
Contribution Rates:		
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
FY 2019 District Contributions		\$ 415,626
FY 2019 Member Contributions		\$ 294,468
FY 2019 NECE On-behalf Contributions		\$ 330,955

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. The 85<sup>th</sup> Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the FY2018-19 biennium to continue to support the program. This was also received in FY2018 bringing the total appropriation to fiscal year 2018 to \$394.6 million.

## Actuarial Assumptions

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

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

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

### Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.69%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	4.50% to 107.74%
Election Rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

Assumption changes include an updated health care trend assumption to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020, revised demographic and economic assumptions based on the TRS experience study for the period ending August 31, 2017, and a discount rate change from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018.

## Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of 0.27% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of August 31, 2018.

See Note 12 for the best estimate of geometric real rates of return for each major asset class included in the TRS target asset allocation as of August 31, 2018.

## Sensitivity Analysis

*Discount Rate* - The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the 2018 Net OPEB Liability.

	<u>1% Decrease in Discount Rate (2.69%)</u>	<u>Discount Rate (3.69%)</u>	<u>1% Increase in Discount Rate (4.69%)</u>
District’s proportionate share of the net OPEB liability	\$ 34,908,895	\$ 29,326,739	\$ 24,910,893

*Healthcare Cost Trend Rates* - The following schedule shows the impact of the Net OPEB Liability if the healthcare cost trend rates used were 1% less than and 1% greater than the healthcare cost trend rates that were used in measuring the 2018 Net OPEB Liability.

	<u>1% Decrease in Healthcare Cost Trend Rates (7.5%)</u>	<u>Current Healthcare Cost Trend Rates (8.5%)</u>	<u>1% Increase in Healthcare Cost Trend Rates (9.5%)</u>
District’s proportionate share of the net OPEB liability	\$ 24,356,334	\$ 29,326,739	\$ 35,872,869

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

At June 30, 2019, the District reported a liability of \$29,326,739 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 29,326,739
State's proportionate share that is associated with the District	<u>37,251,827</u>
Total	<u>\$ 66,578,566</u>

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

At August 31, 2018 the employer's proportion of the collective net OPEB liability was 0.0587% which was an increase of 0.0011% from its proportion measured as of August 31, 2017.

### **Changes Since the Prior Actuarial Valuation**

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

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This changed increased the Total OPEB Liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.
- Change of Benefit Terms Since the Prior Measurement Date - Please see the 2018 TRS CAFR, page 68, section B. for a list of changes made effective September 1, 2017 by the 85th Texas Legislature.

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$814,682 and revenue of \$1,354,998 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,556,261	\$ 462,819
Changes in actuarial assumptions	489,384	8,811,002
Difference between projected and actual investment earnings	5,129	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	646,884	-
Contributions paid to TRS subsequent to the measurement date	<u>350,449</u>	<u>-</u>
Total	<u>\$ 3,048,107</u>	<u>\$ 9,273,821</u>

The \$350,449 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPEB Expense Amount</u>
Year ended June 30:	
2020	\$ (1,073,757)
2021	(1,073,757)
2022	(1,073,757)
2023	(1,074,727)
2024	(1,075,282)
Thereafter	(1,204,883)



#### **14. ON-BEHALF PAYMENTS**

The District recognizes as revenues and expenditures retiree drug subsidy reimbursements under the provisions of Medicare Part D made by the federal government to TRS on behalf of the District. For the year ended June 30, 2019, reimbursements of \$143,229 were received by TRS and allocated to the District.

#### **15. EMPLOYEE HEALTH CARE COVERAGE**

During the year ended June 30, 2019, employees of the District were covered by TRS Active Care (the "Plan"), a statewide coverage program for public education employees. The Plan is administered by Aetna and Caremark. The District paid premiums of \$368 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreements. Latest financial statements for the Plan for the year ended August 31, 2018 are public record and have been filed with the Texas State Board of Insurance, Austin, Texas.

#### **16. TAX ABATEMENTS**

On December 17, 2009, the District's Board approved an agreement with Caterpillar Inc. ("Caterpillar") for a Limitation On Appraised Value of Property for School District Maintenance and Operations pursuant to Chapter 313 of the Texas Tax Code, i.e. the Texas Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Caterpillar qualified for a tax limitation agreement under Texas Tax Code Section 313.024(b)(5), as a manufacturing project.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for maintenance and operations for a period of years specified in statute. The projects under the Chapter 313 agreement must be consistent with the State of Texas' goal to encourage large scale capital investments in the state. Chapter 313 of the Texas Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant, including Caterpillar has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board and the Texas Comptroller's Office, which recommended approval of the project.

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that Caterpillar terminates the agreement without the consent of the District, or in the event that Caterpillar or its successor-in-interest fails to comply in any material respect with the terms of the agreement or to meet any material obligation under this agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Section 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Section 33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

As of the date of this report, the applicant company is in full compliance with all of its obligations under law and the agreement itself.

(A) Project Value	(B) Project's Value Limitation Amount	(C) Amount of Applicant's M&O Taxes Paid	(D) Amount of Applicant's M&O Taxes Reduced	(E) Company Revenue Loss Payment to School District	(F) Company Supplemental Payment to School District	(G) Net Benefit (Loss) to the School District (C+E+F)
\$175,832,914	\$ 80,000,000	\$ 848,000	\$ 1,015,829	\$ -	\$ 437,593	\$ 1,285,593

**17. RISK MANAGEMENT**

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers compensation and other miscellaneous bonds. During the year ended June 30, 2019, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

Employees of the District are covered by a workers' compensation insurance plan. The program is administered by a third party, the Texas Association of School Boards. The District is protected against unanticipated catastrophic loss by stop-loss coverage carried through a third-party insurance provider for specific occurrences exceeding \$300,000 and an aggregate limit of \$1,000,000. The claim liability below is an estimate of potential loss exposure on workers' compensation claims at year end which includes incurred but not reported claims and claims reported but not paid. A reconciliation of the estimated claim liability is as follows:

Period Ended June 30,	Beginning Liability	Estimated Current Period Claims	Claim Payments	Ending Liability
2017	\$ 490,376	128,981	(139,222)	480,135
2018	\$ 480,135	300,028	(238,990)	541,173
2019	\$ 541,173	424,226	(284,942)	680,457

## **18. COMMITMENTS AND CONTINGENCIES**

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Uniform Guidance through June 30, 2019, these programs are subject to financial and compliance audits. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

## **19. SUBSEQUENT EVENTS**

In August 2019, the District first issued \$34,700,000 of the authorized \$64,700,000 Unlimited Tax School Building Bonds, Series 2019. The remaining bonds are anticipated to be issued in the summer of 2020.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teacher Retirement System of Texas**  
**6/30/2019\*\***

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>	<u>2013*</u>
District's proportion of the net pension liability	0.04466%	0.04551%	0.04424%	0.04580%	0.02750%	0.02752%
District's proportionate share of the net pension liability	24,584,065	14,552,395	16,716,082	16,189,125	7,346,057	9,020,354
State's proportionate share of the net pension liability associated with the District	<u>34,038,349</u>	<u>20,781,906</u>	<u>25,109,112</u>	<u>25,624,014</u>	<u>22,656,342</u>	<u>27,811,611</u>
Total	<u>\$ 58,622,414</u>	<u>\$ 35,334,301</u>	<u>\$ 41,825,194</u>	<u>\$ 41,813,139</u>	<u>\$ 30,002,399</u>	<u>\$ 36,831,965</u>
District's covered payroll (for Measurement Year)	\$ 44,698,829	\$ 44,729,959	\$ 43,057,064	\$ 42,909,430	\$ 41,081,271	\$ 38,988,636
District's proportionate share of the net pension liability as a percentage of its covered payroll	55.00%	32.53%	38.82%	37.73%	17.88%	23.14%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%	78.17%
Plan's net pension liability as a percentage of covered payroll	126.11%	75.93%	92.75%	91.94%	72.90%	93.10%

\* The amounts presented for each Plan year are as of August 31, plan information was unavailable prior to 2013.

\*\* Schedule should provide ten years of Plan information, but data was unavailable prior to 2013.

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Schedule of District Contributions - Pensions**  
**Teacher Retirement System of Texas**  
**Last 10 Fiscal Years**

**G-3**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,553,829	\$ 1,490,683	\$ 1,483,786	\$ 1,399,559	\$ 1,251,665
Contributions in relation to the contractual required contributions	<u>(1,553,829)</u>	<u>(1,490,683)</u>	<u>(1,483,786)</u>	<u>(1,399,559)</u>	<u>(1,251,665)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 45,302,507	\$ 44,609,702	\$ 44,532,095	\$ 43,058,073	\$ 42,612,677
Contributions as a percentage of covered payroll	3.43%	3.34%	3.33%	3.25%	2.94%
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contributions	\$ 686,913	\$ 679,743	\$ 650,411	\$ 794,708	\$ 742,602
Contributions in relation to the contractual required contributions	<u>(686,913)</u>	<u>(679,743)</u>	<u>(650,411)</u>	<u>(794,708)</u>	<u>(742,602)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 40,783,297	\$ 38,766,005	\$ 40,763,908	\$ 43,735,676	\$ 43,143,223
Contributions as a percentage of covered payroll	1.68%	1.75%	1.60%	1.82%	1.72%

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the OPEB Liability**  
**Teacher Retirement System of Texas**  
**6/30/2019\*\***

**G-4**

	2018*	2017*
District's proportion of the net OPEB liability	0.05874%	0.05755%
District's proportionate share of the net OPEB liability	29,326,739	25,027,918
State's proportionate share of the net OPEB liability associated with the District	37,251,827	34,956,848
Total	\$ 66,578,566	\$ 59,984,766
District's covered payroll (for Measurement Year)	\$ 44,698,829	\$ 44,729,959
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	65.61%	55.95%
Plan fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll	146.64%	132.55%

\* The amounts presented for each Plan year are as of August 31, plan information was unavailable prior to 2017.

\*\* Schedule should provide ten years of Plan information, but data was unavailable prior to 2017.

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Schedule of District Contributions - OPEB**  
**Teacher Retirement System of Texas**  
**Last 10 Fiscal Years**

**G-5**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 415,626	\$ 387,318	\$ 296,836	\$ 294,790	\$ 291,343
Contributions in relation to the contractual required contributions	<u>(415,626)</u>	<u>(387,318)</u>	<u>(296,836)</u>	<u>(294,790)</u>	<u>(291,343)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 45,302,507	\$ 44,609,702	\$ 44,532,095	\$ 43,058,073	\$ 42,612,677
Contributions as a percentage of covered payroll	0.92%	0.87%	0.67%	0.68%	0.68%
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contributions	\$ 273,811	\$ 250,099	\$ 269,047	\$ 294,591	\$ 288,302
Contributions in relation to the contractual required contributions	<u>(273,811)</u>	<u>(250,099)</u>	<u>(269,047)</u>	<u>(294,591)</u>	<u>(288,302)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 40,783,297	\$ 38,766,005	\$ 40,763,908	\$ 43,735,676	\$ 43,143,223
Contributions as a percentage of covered payroll	0.67%	0.65%	0.66%	0.67%	0.67%



# SEGUIN INDEPENDENT SCHOOL DISTRICT

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2019

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### 1. CHANGE IN ASSUMPTIONS

#### Pensions

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

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

#### OPEB

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

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.
- Change of Benefit Terms Since the Prior Measurement Date - Please see the 2018 TRS CAFR, page 68, section B. for a list of changes made effective September 1, 2017 by the 85th Texas Legislature.

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

H-1

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

	<b>Special Revenue Funds</b>	<b>Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS:</b>			
Cash and temporary investments	\$ 1,509,367	-	1,509,367
Receivables:			
Due from other governments	1,113,641	-	1,113,641
Due from other funds	321,549	-	321,549
Inventory	81,826	-	81,826
Total assets	<u>\$ 3,026,383</u>	<u>-</u>	<u>3,026,383</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts payable	\$ 147,640	-	147,640
Accrued wages payable	680,326	-	680,326
Due to other funds	627,565	-	627,565
Due to student groups	304,041	-	304,041
Unearned revenue	95,444	-	95,444
Total liabilities	<u>1,855,016</u>	<u>-</u>	<u>1,855,016</u>
Fund balances:			
Nonspendable	26,624	-	26,624
Restricted for grant funds	1,144,743	-	1,144,743
Total fund balances	<u>1,171,367</u>	<u>-</u>	<u>1,171,367</u>
Total liabilities and fund balances	<u>\$ 3,026,383</u>	<u>-</u>	<u>3,026,383</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2019**

H-2

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES:</b>			
Local and intermediate sources	\$ 1,316,195	27,927	1,344,122
State program revenues	1,307,521	-	1,307,521
Federal program revenues	8,279,023	-	8,279,023
Total revenues	<u>10,902,739</u>	<u>27,927</u>	<u>10,930,666</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction	3,891,487	455,154	4,346,641
Instructional resources and media services	53,589	-	53,589
Curriculum and staff development	709,884	-	709,884
Instructional leadership	183,895	-	183,895
School leadership	58,786	-	58,786
Guidance, counseling, and evaluation services	303,884	-	303,884
Social work services	282,188	-	282,188
Health services	276	-	276
Food services	4,798,926	2,925	4,801,851
Extracurricular activities	396,661	23,843	420,504
General administration	1,185	-	1,185
Facilities maintenance and operations	23,614	34,677	58,291
Security and monitoring services	3,112	20,360	23,472
Data processing services	-	120,755	120,755
Community services	80,238	-	80,238
Facilities acquisition and construction	-	22,265	22,265
Intergovernmental-			
Payments related to shared services arrangements	113,358	-	113,358
Total expenditures	<u>10,901,083</u>	<u>679,979</u>	<u>11,581,062</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Other resources	-	501,272	501,272
Transfers out	-	(1,187,275)	(1,187,275)
Total other financing uses, net	<u>-</u>	<u>(686,003)</u>	<u>(686,003)</u>
Net change in fund balances	1,656	(1,338,055)	(1,336,399)
Fund balances - beginning	<u>1,169,711</u>	<u>1,338,055</u>	<u>2,507,766</u>
Fund balances - ending	<u>\$ 1,171,367</u>	<u>-</u>	<u>1,171,367</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2019**

H-3

	205	206	211	212	224	225	226	240
	Head Start- BCFS	ESEA Title X, Part C Education for Homeless Children (TEXSHEP)	ESEA Title I, Part A Improving Basic Programs	ESEA Title I, Part C Education of Migratory Children	IDEA-B Formula	IDEA-B Preschool	IDEA-B Formula High Cost Pool	National Sch. Breakfast/ Lunch Program
<b>ASSETS:</b>								
Cash and cash equivalents	\$ -	-	-	-	-	-	-	1,509,367
Due from other governments	108,619	2,429	350,299	4,909	262,136	8,148	73,573	53,598
Due from other funds	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	81,826
Total assets	<u>\$ 108,619</u>	<u>2,429</u>	<u>350,299</u>	<u>4,909</u>	<u>262,136</u>	<u>8,148</u>	<u>73,573</u>	<u>1,644,791</u>
<b>LIABILITIES AND FUND BALANCES:</b>								
Liabilities:								
Accounts payable	\$ -	-	-	-	284	-	-	140,583
Accrued wages payable	24,690	-	172,977	2,341	166,462	5,086	-	196,419
Due to other funds	83,929	2,429	177,322	2,568	95,390	3,062	69,681	62,728
Due to student groups	-	-	-	-	-	-	-	439
Unearned revenue	-	-	-	-	-	-	3,892	73,255
Total liabilities	<u>108,619</u>	<u>2,429</u>	<u>350,299</u>	<u>4,909</u>	<u>262,136</u>	<u>8,148</u>	<u>73,573</u>	<u>473,424</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	26,624
Restricted	-	-	-	-	-	-	-	1,144,743
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,171,367</u>
Total liabilities and fund balances	<u>\$ 108,619</u>	<u>2,429</u>	<u>350,299</u>	<u>4,909</u>	<u>262,136</u>	<u>8,148</u>	<u>73,573</u>	<u>1,644,791</u>

(continued)

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (continued)**  
**June 30, 2019**

**H-3**

	244	255	263	289	385	397
	Career and Technology- Basic Grant	ESEA Title II, Part A Teacher & Principal Training and Recruiting	Title III, Part A English Language Acquistion	Title IV, Part A Student Support and Academic Enrichment	Visually Impaired	Advanced Placement Incentives
<b>ASSETS:</b>						
Cash and cash equivalents	\$ -	-	-	-	-	-
Due from other governments	-	45,513	7,465	7,569	-	-
Due from other funds	-	-	-	-	-	10,711
Inventory	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>45,513</u>	<u>7,465</u>	<u>7,569</u>	<u>-</u>	<u>10,711</u>
<b>LIABILITIES AND FUND BALANCES:</b>						
Liabilities:						
Accounts payable	\$ -	-	-	-	-	-
Accrued wages payable	-	26,268	4,778	-	-	-
Due to other funds	-	19,245	2,687	7,569	-	-
Due to student groups	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	10,711
Total liabilities	<u>-</u>	<u>45,513</u>	<u>7,465</u>	<u>7,569</u>	<u>-</u>	<u>10,711</u>
<b>Fund balances:</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>45,513</u>	<u>7,465</u>	<u>7,569</u>	<u>-</u>	<u>10,711</u>

(continued)

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (continued)**  
**June 30, 2019**

**H-3**

	410	428	429	461	499	Total Nonmajor Special Revenue Funds
	Instructional Materials Allotment	Governor's Grant Truancy Prevention	State Funded Special Revenue Funds	Campus Activity	Locally Funded Special Revenue Funds	
<b>ASSETS:</b>						
Cash and cash equivalents	\$ -	-	-	-	-	1,509,367
Due from other governments	-	30,589	158,794	-	-	1,113,641
Due from other funds	6,496	-	-	303,602	740	321,549
Inventory	-	-	-	-	-	81,826
Total assets	<u>\$ 6,496</u>	<u>30,589</u>	<u>158,794</u>	<u>303,602</u>	<u>740</u>	<u>3,026,383</u>
<b>LIABILITIES AND FUND BALANCES:</b>						
Liabilities:						
Accounts payable	\$ -	-	6,773	-	-	147,640
Accrued wages payable	-	20,297	61,008	-	-	680,326
Due to other funds	-	10,292	90,663	-	-	627,565
Due to student groups	-	-	-	303,602	-	304,041
Unearned revenue	6,496	-	350	-	740	95,444
Total liabilities	<u>6,496</u>	<u>30,589</u>	<u>158,794</u>	<u>303,602</u>	<u>740</u>	<u>1,855,016</u>
<b>Fund balances:</b>						
Nonspendable	-	-	-	-	-	26,624
Restricted	-	-	-	-	-	1,144,743
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,171,367</u>
Total liabilities and fund balances	<u>\$ 6,496</u>	<u>30,589</u>	<u>158,794</u>	<u>303,602</u>	<u>740</u>	<u>3,026,383</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2019**

H-4

	205	206	211	212	224	225	226	240
	Head Start- BCFS	ESEA Title X, Part C Education for Homeless Children (TEXSHEP)	ESEA Title I, Part A Improving Basic Programs	ESEA Title I, Part C Education of Migratory Children	IDEA-B Formula	IDEA-B Preschool	IDEA-B Formula High Cost Pool	National Sch. Breakfast/ Lunch Program
<b>REVENUES:</b>								
Local and intermediate sources	\$ -	-	-	-	-	-	-	862,354
State program revenues	-	-	-	-	-	-	-	134,003
Federal program revenues	430,017	23,927	1,753,837	43,120	1,331,085	34,542	362,422	3,813,496
Total revenues	430,017	23,927	1,753,837	43,120	1,331,085	34,542	362,422	4,809,853
<b>EXPENDITURES:</b>								
Current:								
Instruction	430,017	6,257	916,585	8,688	1,030,086	34,542	354,314	-
Instructional resources and media services	-	-	-	-	-	-	-	-
Curriculum and staff development	-	-	458,146	-	7,327	-	-	-
Instructional leadership	-	-	126,197	-	829	-	-	-
School leadership	-	-	42,611	-	-	-	-	-
Guidance, counseling and evaluation services	-	-	82,685	-	179,485	-	8,108	-
Social work services	-	17,670	105,775	34,349	-	-	-	-
Health services	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	4,798,926
Extracurricular activities	-	-	-	-	-	-	-	-
General administration	-	-	1,185	-	-	-	-	-
Facilities maintenance and operations	-	-	-	-	-	-	-	9,029
Security and monitoring services	-	-	-	-	-	-	-	242
Community services	-	-	20,653	83	-	-	-	-
Payments related to shared services	-	-	-	-	113,358	-	-	-
Total expenditures	430,017	23,927	1,753,837	43,120	1,331,085	34,542	362,422	4,808,197
<b>Net change in fund balances</b>	-	-	-	-	-	-	-	1,656
<b>Beginning fund balances</b>	-	-	-	-	-	-	-	1,169,711
<b>Ending fund balances</b>	\$ -	-	-	-	-	-	-	1,171,367

(continued)



**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Special Revenue Funds (continued)**  
**Year Ended June 30, 2019**

H-4

	244	255	263	289	385	397
	Career and Technology- Basic Grant	ESEA Title II, Part A Teacher & Principal Training and Recruiting	Title III, Part A English Language Acquisition	Title IV, Part A Student Support and Academic Enrichment	Visually Impaired	Advanced Placement Incentives
<b>REVENUES:</b>						
Local and intermediate sources	\$ -	-	-	-	-	-
State program revenues	-	-	-	-	5,654	8,163
Federal program revenues	91,660	244,892	52,503	97,522	-	-
Total revenues	<u>91,660</u>	<u>244,892</u>	<u>52,503</u>	<u>97,522</u>	<u>5,654</u>	<u>8,163</u>
<b>EXPENDITURES:</b>						
Current:						
Instruction	81,664	10,527	49,958	60,809	5,654	8,163
Instructional resources and media services	-	-	-	-	-	-
Curriculum and staff development	7,616	218,190	2,545	11,437	-	-
Instructional leadership	388	-	-	-	-	-
School leadership	-	16,175	-	-	-	-
Guidance, counseling and evaluation services	-	-	-	25,000	-	-
Social work services	-	-	-	-	-	-
Health services	-	-	-	276	-	-
Food services	-	-	-	-	-	-
Extracurricular activities	1,992	-	-	-	-	-
General administration	-	-	-	-	-	-
Facilities maintenance and operations	-	-	-	-	-	-
Security and monitoring services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Payments related to shared services	-	-	-	-	-	-
Total expenditures	<u>91,660</u>	<u>244,892</u>	<u>52,503</u>	<u>97,522</u>	<u>5,654</u>	<u>8,163</u>
<b>Net change in fund balances</b>	-	-	-	-	-	-
<b>Beginning fund balances</b>	-	-	-	-	-	-
<b>Ending fund balances</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Special Revenue Funds (continued)**  
**Year Ended June 30, 2019**

**H-4**

	410	428	429	461	499	Total Nonmajor Special Revenue Funds
	Instructional Materials Allotment	Governor's Grant Truancy Prevention	State Funded Special Revenue Funds	Campus Activity	Locally Funded Special Revenue Funds	
<b>REVENUES:</b>						
Local and intermediate sources	\$ -	-	-	453,841	-	1,316,195
State program revenues	443,952	124,297	591,452	-	-	1,307,521
Federal program revenues	-	-	-	-	-	8,279,023
Total revenues	<u>443,952</u>	<u>124,297</u>	<u>591,452</u>	<u>453,841</u>	<u>-</u>	<u>10,902,739</u>
<b>EXPENDITURES:</b>						
Current:						
Instruction	443,952	-	447,599	2,672	-	3,891,487
Instructional resources and media services	-	-	56	53,533	-	53,589
Curriculum and staff development	-	-	4,623	-	-	709,884
Instructional leadership	-	-	56,481	-	-	183,895
School leadership	-	-	-	-	-	58,786
Guidance, counseling and evaluation services	-	-	8,606	-	-	303,884
Social work services	-	124,297	-	97	-	282,188
Health services	-	-	-	-	-	276
Food services	-	-	-	-	-	4,798,926
Extracurricular activities	-	-	-	394,669	-	396,661
General administration	-	-	-	-	-	1,185
Facilities maintenance and operations	-	-	14,585	-	-	23,614
Security and monitoring services	-	-	-	2,870	-	3,112
Community services	-	-	59,502	-	-	80,238
Payments related to shared services	-	-	-	-	-	113,358
Total expenditures	<u>443,952</u>	<u>124,297</u>	<u>591,452</u>	<u>453,841</u>	<u>-</u>	<u>10,901,083</u>
<b>Net change in fund balances</b>	-	-	-	-	-	1,656
<b>Beginning fund balances</b>	-	-	-	-	-	1,169,711
<b>Ending fund balances</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,171,367</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

H-5

**Combining Statement of Net Position**

**Internal Service Funds**

**June 30, 2019**

	753	783	
	<u>Workers'</u>	<u>Parenting</u>	<u>Total</u>
	<u>Compensation</u>	<u>Center</u>	<u>Internal</u>
			<u>Service Funds</u>
<b>ASSETS:</b>			
Current assets-			
Cash and cash equivalents	\$ 3,093,897	-	3,093,897
Total current assets	<u>3,093,897</u>	<u>-</u>	<u>3,093,897</u>
Noncurrent assets-			
Capital assets:			
Buildings and improvements	-	85,496	85,496
Accumulated depreciation	-	(51,397)	(51,397)
Total noncurrent assets	<u>-</u>	<u>34,099</u>	<u>34,099</u>
Total assets	<u>3,093,897</u>	<u>34,099</u>	<u>3,127,996</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Due to other funds	68	29,902	29,970
Accrued expenses	680,457	-	680,457
Total liabilities	<u>680,525</u>	<u>29,902</u>	<u>710,427</u>
<b>NET POSITION:</b>			
Net investment in capital assets	-	34,099	34,099
Unrestricted	2,413,372	(29,902)	2,383,470
Total net position	<u>\$ 2,413,372</u>	<u>4,197</u>	<u>2,417,569</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
**Year Ended June 30, 2019**

H-6

	753	783	
	<u>Workers'</u>	<u>Parenting</u>	<u>Total</u>
	<u>Compensation</u>	<u>Center</u>	<u>Internal</u>
			<u>Service Funds</u>
<b>Operating revenues-</b>			
Charges for services	\$ 487,396	7,047	494,443
Total operating revenues	<u>487,396</u>	<u>7,047</u>	<u>494,443</u>
<b>Operating expenses:</b>			
Other supplies and expenses	441,053	-	441,053
Payroll costs	30,631	-	30,631
Contractual services	300,586	-	300,586
Insurance and bonding costs	52,649	-	52,649
Depreciation	-	2,850	2,850
Total operating expenses	<u>824,919</u>	<u>2,850</u>	<u>827,769</u>
Operating income (loss)	<u>(337,523)</u>	<u>4,197</u>	<u>(333,326)</u>
<b>Nonoperating revenues-</b>			
Investment and interest income	<u>72,801</u>	-	<u>72,801</u>
Total nonoperating revenues	<u>72,801</u>	-	<u>72,801</u>
Change in net position	(264,722)	4,197	(260,525)
Total net position--beginning	<u>2,678,094</u>	-	<u>2,678,094</u>
Total net position--ending	<u>\$ 2,413,372</u>	<u>4,197</u>	<u>2,417,569</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2019**

H-7

	753	783	Total
	Workers' Compensation	Parenting Center	Internal Service Funds
<b>Cash flows from operating activities:</b>			
Receipts from customers/contributors	\$ 487,396	7,047	494,443
Payments to suppliers	(655,010)	-	(655,010)
Payments to employees	(30,563)	(7,047)	(37,610)
Net cash provided by (used in) operating activities	<u>(198,177)</u>	<u>-</u>	<u>(198,177)</u>
<b>Cash flows from investing activities-</b>			
Interest received	72,801	-	72,801
<b>Net change in cash and cash equivalents</b>	(125,376)	-	(125,376)
<b>Cash and cash equivalents--beginning of the year</b>	<u>3,219,273</u>	<u>-</u>	<u>3,219,273</u>
<b>Cash and cash equivalents--end of the year</b>	<u>\$ 3,093,897</u>	<u>-</u>	<u>3,093,897</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (337,523)	4,197	(333,326)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	2,850	2,850
Decrease in accounts payable	(6)	-	(6)
Increase (decrease) in due to other funds	68	(7,047)	(6,979)
Increase in accrued expenses	139,284	-	139,284
Net cash provided by (used in) operating activities	<u>\$ (198,177)</u>	<u>-</u>	<u>(198,177)</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

H-8

	<b>865</b>	<b>899</b>	
	<b>Student</b>		<b>Total</b>
	<b>Activity</b>	<b>Donations</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 218,501	-	218,501
Due from other funds	5,518	127,990	133,508
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 224,019</u>	<u>127,990</u>	<u>352,009</u>
<b>LIABILITIES:</b>			
Due to student groups	\$ 223,103	-	223,103
Other payables	916	127,990	128,906
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 224,019</u>	<u>127,990</u>	<u>352,009</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT** **J-4**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Child Nutrition Fund**  
**Year Ended June 30, 2019**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Local and intermediate sources	\$ 825,000	825,000	862,354	37,354
State program revenues	70,000	70,000	134,003	64,003
Federal program revenues	3,196,210	3,717,000	3,813,496	96,496
Total revenues	4,091,210	4,612,000	4,809,853	197,853
<b>EXPENDITURES:</b>				
Food services	4,080,710	5,100,000	4,798,926	301,074
Facilities maintenance and operations	10,000	11,500	9,029	2,471
Security and monitoring services	500	500	242	258
Total expenditures	4,091,210	5,112,000	4,808,197	303,803
Deficiency of revenues under expenditures	-	(500,000)	1,656	501,656
Net change in fund balance	-	(500,000)	1,656	501,656
Fund balance--beginning	1,169,711	1,169,711	1,169,711	-
Fund balance--ending	\$ 1,169,711	669,711	1,171,367	501,656

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

J-5

**Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
Debt Service Fund  
Year Ended June 30, 2019**

	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>			
Local and intermediate sources	\$ 11,861,322	12,556,508	695,186
State program revenues	240,000	239,722	(278)
Total revenues	<u>12,101,322</u>	<u>12,796,230</u>	<u>694,908</u>
<b>EXPENDITURES:</b>			
Principal on long-term debt	5,062,661	5,062,660	1
Interest on long-term debt	6,645,777	6,645,780	(3)
Other debt service expenditures	10,000	9,500	500
Total expenditures	<u>11,718,438</u>	<u>11,717,940</u>	<u>498</u>
Excess of revenues over expenditures	<u>382,884</u>	<u>1,078,290</u>	<u>695,406</u>
Net change in fund balance	382,884	1,078,290	695,406
Fund balance--beginning	<u>9,403,415</u>	<u>9,403,415</u>	<u>-</u>
Fund balance--ending	<u><u>\$ 9,786,299</u></u>	<u><u>10,481,705</u></u>	<u><u>695,406</u></u>



**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2019**

J-6

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 228,147	499,673	509,319	218,501
Due from other funds	153,562	586,603	606,657	133,508
Total assets	<u>\$ 381,709</u>	<u>1,086,276</u>	<u>1,115,976</u>	<u>352,009</u>
<b>LIABILITIES:</b>				
Due to student groups	\$ 223,315	418,391	418,603	223,103
Other payables	158,394	544,032	573,520	128,906
Total liabilities	<u>\$ 381,709</u>	<u>962,423</u>	<u>992,123</u>	<u>352,009</u>

## **OTHER SCHEDULES**

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Schedule of Delinquent Taxes Receivable**  
**Year Ended June 30, 2019**

**J-1**

Last Ten Years Ended June 30	Tax Rates		Assessed/ Appraised Value for School Tax Purposes	Beginning Balance 6/30/2018	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustment	Ending Balance 6/30/2019
	Maintenance	Debt Service							
2010 and earlier	Various	Various	Various	\$ 280,905	-	22,785	4,597	(71,874)	181,649
2011	1.0400	0.2098	2,389,092,255	62,305	-	7,846	1,583	(176)	52,700
2012	1.0400	0.2198	2,664,511,589	77,215	-	11,524	2,436	(173)	63,082
2013	1.0400	0.2370	2,692,313,854	117,080	-	22,985	5,238	(410)	88,447
2014	1.0400	0.2400	2,522,366,920	155,026	-	29,526	6,814	470	119,156
2015	1.0400	0.2750	2,844,181,113	145,200	-	32,321	8,547	900	105,232
2016	1.0600	0.3700	2,991,776,217	241,438	-	61,961	21,628	948	158,797
2017	1.0600	0.3600	3,147,947,544	447,556	-	128,323	43,581	(20,264)	255,388
2018	1.0600	0.3600	3,378,075,881	1,404,602	-	687,948	233,643	(61,778)	421,233
2019	1.0600	0.3600	3,593,469,204	-	46,321,735	34,063,860	11,899,191	1,103,167	1,461,851
Totals				\$ 2,931,327	46,321,735	35,069,079	12,227,258	950,810	2,907,535

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

**L-1**

**Exhibit L-1 - Required Responses to Selected**

**School First Indicators**

**June 30, 2019**

Data Control Codes	Description	Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 1,327,695
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 24,584,065
SF13	Pension Expense (6147) at fiscal year-end.	\$ -
SF14	Net OPEB Liabilities (2545) at fiscal year-end.	\$ 29,326,739

## **STATISTICAL SECTION**

# SEGUIN INDEPENDENT SCHOOL DISTRICT

## INDEX FOR STATISTICAL SECTION

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This part of the Seguin Independent School District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	75
These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	82
These schedules contain information to help the reader assess the factors affecting the District’s ability to generate its property and sales taxes.	
<b>Debt Capacity</b>	86
current levels of outstanding debt and the District’s ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	89
These schedules offer demographic and economic indicators to help the reader understand how the District’s financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating Information</b>	91
These schedules contain information about the District’s operations and resources to help the reader understand how the District’s financial information relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# SEGUIN INDEPENDENT SCHOOL DISTRICT

## Table I Net Position by Component Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 3,731,155	1,764,725	2,779,855	8,186,846	6,240,094	2,163,904	18,493,793	12,358,457	(29,886)	(4,076,580)
Restricted	7,182,819	6,804,797	4,657,092	5,744,194	7,749,541	7,693,123	8,646,490	8,005,747	9,001,289	10,113,710
Unrestricted	<u>24,717,225</u>	<u>25,382,623</u>	<u>32,452,630</u>	<u>26,759,355</u>	<u>26,855,115</u>	<u>22,887,036</u>	<u>4,456,702</u>	<u>11,351,592</u>	<u>(16,935,348)</u>	<u>(14,868,675)</u>
Total Governmental Activities Net Position	\$ 35,631,199	33,952,145	39,889,577	40,690,395	40,844,750	32,744,063	31,596,985	31,715,796	(7,963,945)	(8,831,545)
<b>Business-Type Activities:</b>										
Net investment in capital assets	\$ -	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>414,810</u>	<u>407,559</u>	<u>363,967</u>	<u>393,734</u>	<u>409,813</u>	<u>386,443</u>	<u>398,139</u>	<u>352,190</u>	<u>360,842</u>	<u>369,847</u>
Total Business-Type Activities Net Position	\$ 414,810	407,559	363,967	393,734	409,813	386,443	398,139	352,190	360,842	369,847
<b>Total Government:</b>										
Net investment in capital assets	\$ 3,731,155	1,764,725	2,779,855	8,186,846	6,240,094	2,163,904	18,493,793	12,358,457	(29,886)	(4,076,580)
Restricted	7,182,819	6,804,797	4,657,092	5,744,194	7,749,541	7,693,123	8,646,490	8,005,747	9,001,289	10,113,710
Unrestricted	<u>25,132,035</u>	<u>25,790,182</u>	<u>32,816,597</u>	<u>27,153,089</u>	<u>27,264,928</u>	<u>23,273,479</u>	<u>4,854,841</u>	<u>11,703,782</u>	<u>(16,574,506)</u>	<u>(14,498,828)</u>
Total Government Net Position	\$ <u>36,046,009</u>	<u>34,359,704</u>	<u>40,253,544</u>	<u>41,084,129</u>	<u>41,254,563</u>	<u>33,130,506</u>	<u>31,995,124</u>	<u>32,067,986</u>	<u>(7,603,103)</u>	<u>(8,461,698)</u>

Source: Statement of Net Position

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Table II**  
**Expenses, Program Revenues, and Net (Expense)/Revenue**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Expenses</u>										
Governmental Activities:										
Instruction	\$ 39,431,444	41,297,243	37,589,234	34,885,006	37,089,582	39,770,107	40,997,236	39,992,178	46,629,226	44,580,308
Instructional resources and media services	1,387,525	1,553,905	1,265,382	986,769	1,011,842	1,024,391	1,019,748	1,020,056	1,086,640	1,119,656
Curriculum and staff development	1,037,301	1,852,790	1,698,107	1,243,543	1,556,165	1,607,110	1,816,030	1,716,517	1,948,302	1,671,537
Instructional leadership	877,568	895,055	994,860	976,019	1,153,146	1,238,647	1,658,490	1,630,634	2,008,260	2,009,974
School leadership	3,335,629	3,442,197	3,466,768	3,720,324	4,253,917	4,366,920	4,557,158	4,595,642	5,045,247	5,327,750
Guidance, counseling, and evaluation services	2,281,558	2,275,819	2,194,298	2,071,652	2,161,296	2,382,588	2,030,903	2,224,928	2,512,058	2,929,480
Social work services	460,370	539,720	541,087	555,199	555,148	594,967	603,628	684,475	756,971	908,714
Health services	509,339	563,627	537,565	543,789	566,802	583,157	608,755	593,390	639,942	685,760
Student transportation	2,130,885	2,395,615	2,586,480	2,395,154	2,369,551	2,230,759	2,820,671	2,312,739	2,853,847	3,093,768
Food services	3,759,589	3,813,826	4,128,424	4,157,227	4,276,302	4,302,326	4,254,269	4,371,659	4,971,341	5,157,713
Extracurricular activities	1,866,587	1,861,695	1,919,135	2,080,055	1,896,960	2,093,065	2,309,112	2,758,643	3,159,930	2,681,897
General administration	1,706,893	1,790,914	1,635,967	1,675,360	1,726,646	1,534,810	2,020,570	1,971,576	2,239,817	2,882,943
Facilities maintenance and operations	6,455,547	6,170,119	5,267,299	6,034,575	6,159,942	6,566,805	6,801,352	6,944,793	7,539,377	8,270,456
Security and monitoring services	293,514	301,910	260,977	375,564	486,138	282,656	400,779	561,584	521,298	553,383
Data processing services	733,496	880,444	745,191	1,117,288	1,353,546	1,495,273	1,584,831	1,814,521	2,000,501	2,052,591
Community services	182,130	90,368	17,167	20,160	142,543	196,823	185,487	172,019	91,145	105,125
Interest on long-term debt	3,381,958	3,503,007	4,135,168	4,430,240	3,472,684	3,182,209	5,444,638	5,772,094	5,661,106	5,474,936
Other debt service	40,163	164,311	5,637	156,647	527,883	3,992	1,028,862	121,351	7,650	9,500
Facilities acquisition and construction	-	-	-	-	-	-	-	15,750	1,351	1,871
Payments related to shared services arrangements	202,590	244,348	218,321	234,390	231,429	140,658	109,809	66,270	102,277	113,358
Other intergovernmental charges	343,309	371,330	365,885	407,581	407,583	418,607	444,400	490,257	535,178	571,553
<b>Total Governmental Activities Expenses</b>	<b>\$ 70,417,395</b>	<b>74,008,243</b>	<b>69,572,952</b>	<b>68,066,542</b>	<b>71,399,105</b>	<b>74,015,870</b>	<b>80,696,728</b>	<b>79,831,076</b>	<b>90,311,464</b>	<b>90,202,273</b>
<u>Business-Type Activities</u>										
Mall fund	\$ 11,292	52,932	88,964	15,678	29,968	69,447	35,032	100,232	57,026	59,907
<b>Total Business-Type Activities Expenses</b>	<b>11,292</b>	<b>52,932</b>	<b>88,964</b>	<b>15,678</b>	<b>29,968</b>	<b>69,447</b>	<b>35,032</b>	<b>100,232</b>	<b>57,026</b>	<b>59,907</b>
<b>Total Primary Government Expenses</b>	<b>\$ 70,428,687</b>	<b>74,061,175</b>	<b>69,661,916</b>	<b>68,082,220</b>	<b>71,429,073</b>	<b>74,085,317</b>	<b>80,731,760</b>	<b>79,931,308</b>	<b>90,368,490</b>	<b>90,262,180</b>

(continued)



**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Table II**  
**Expenses, Program Revenues, and Net (Expense)/Revenue**  
**Last Ten Fiscal Years (Continued)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Program Revenues</u>										
Governmental Activities:										
Charges for services										
Instruction	\$ -	-	-	-	-	116,389	1,096	951	14,461	2,672
Instructional resources and media services	-	-	-	-	-	66,615	68,153	54,607	54,318	53,533
Curriculum and staff development	-	-	-	-	-	336	-	-	625	-
School leadership	-	-	-	-	-	7,508	-	13,175	9,146	-
Guidance, counseling, and evaluation services	-	-	-	-	-	5,656	-	-	2,256	-
Social work services	-	-	-	-	-	-	-	-	403	97
Health services	-	-	-	-	-	709	615	93	-	-
Food services	880,453	890,320	1,004,292	862,016	792,165	818,413	794,700	807,097	836,496	829,385
Extracurricular activities	148,684	352,636	451,208	466,362	365,186	425,755	504,089	554,896	495,722	536,768
Other activities	141,302	137,311	160,340	172,444	226,720	-	-	-	-	-
General administration	-	-	-	-	-	18,293	16,590	8,115	13,866	19,748
Facilities maintenance and operations	-	-	-	-	-	-	-	1,308	5,453	-
Security and monitoring services	-	-	-	-	-	-	2,265	1,650	-	2,870
Community services	-	-	-	-	-	-	30	46	-	-
Operating grants and contributions	15,680,779	12,352,952	10,045,793	8,211,814	8,209,820	12,166,331	14,256,949	13,642,591	24,510,681	17,742,608
Total Governmental Activities										
Program Revenues	\$ 16,851,218	13,733,219	11,661,633	9,712,636	9,593,891	13,626,005	15,644,487	15,084,529	25,943,427	19,187,681
<u>Business-Type Activities</u>										
Charges for services										
Maintenance and upkeep	\$ 41,250	45,900	45,000	45,000	45,000	45,900	45,900	52,150	60,900	60,900
Total Business-Type Activities										
Program Revenues	41,250	45,900	45,000	45,000	45,000	45,900	45,900	52,150	60,900	60,900
Total Primary Government										
Program Revenues	\$ 16,892,468	13,779,119	11,706,633	9,757,636	9,638,891	13,671,905	15,690,387	15,136,679	26,004,327	19,248,581
<u>Net (Expense)/Revenue</u>										
Governmental activities	\$ (53,566,177)	(60,275,024)	(57,911,319)	(58,353,906)	(61,805,214)	(60,389,865)	(65,052,241)	(64,746,547)	(64,368,037)	(71,014,592)
Business-type activities	29,958	(7,032)	(43,964)	29,322	15,032	(23,547)	10,868	(48,082)	3,874	993
Total primary government net expense	\$ (53,536,219)	(60,282,056)	(57,955,283)	(58,324,584)	(61,790,182)	(60,413,412)	(65,041,373)	(64,794,629)	(64,364,163)	(71,013,599)

Source: Statement of Activities

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Table III**  
**General Revenues and Total Change in Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (53,566,177)	(60,275,024)	(57,911,319)	(58,353,906)	(61,805,214)	(60,389,865)	(65,052,241)	(64,746,547)	(64,368,037)	(71,014,592)
Business-type activities	29,958	(7,032)	(43,964)	29,322	15,932	(23,547)	10,868	(48,082)	3,874	993
Total primary government net expense	\$ (53,536,219)	(60,282,056)	(57,955,283)	(58,324,584)	(61,789,282)	(60,413,412)	(65,041,373)	(64,794,629)	(64,364,163)	(71,013,599)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes	\$ 25,326,273	26,304,131	27,947,861	28,217,981	28,072,801	29,263,569	29,551,690	31,123,500	33,417,192	35,513,821
Property taxes levied for debt service	5,084,482	5,282,274	5,883,513	6,547,060	6,738,474	8,064,073	10,537,945	10,952,934	11,709,599	12,384,811
Unrestricted grants and contributions	22,741,910	26,453,518	22,797,037	22,834,078	25,358,709	22,601,715	22,752,097	21,614,071	22,287,771	20,705,009
Investment earnings	117,320	57,880	63,187	78,487	57,112	103,682	345,897	598,156	709,653	1,074,239
Miscellaneous	826,430	456,215	7,767,148	1,477,118	1,732,473	683,711	717,534	576,697	497,703	469,112
Transfers	-	-	-	-	-	-	-	-	-	-
Special items	-	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 54,096,415	58,554,018	64,458,746	59,154,724	61,959,569	60,716,750	63,905,163	64,865,358	68,621,918	70,146,992
Business-type activities:										
Investment earnings	\$ 863	681	372	445	147	177	828	2,133	4,778	8,012
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	\$ 863	681	372	445	147	177	828	2,133	4,778	8,012
Total primary government	\$ 54,097,278	58,554,699	64,459,118	59,155,169	61,959,716	60,716,927	63,905,991	64,867,491	68,626,696	70,155,004
<b>Change in Net Position</b>										
Governmental activities	\$ 530,238	(1,721,006)	6,547,427	800,818	154,355	326,885	(1,147,078)	118,811	4,253,881	(867,600)
Business-type activities	30,821	(6,351)	(43,592)	29,767	16,079	(23,370)	11,696	(45,949)	(12,217,826)	9,005
Total primary government	\$ 561,059	(1,727,357)	6,503,835	830,585	170,434	303,515	(1,135,382)	72,862	(7,963,945)	(858,595)

Source: Statement of Activities

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Table IV**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Nonspendable	\$ 207,122	214,227	181,248	163,114	168,447	161,189	182,121	196,150	188,900	172,718
Restricted	-	-	-	-	-	-	-	7,281,222	1,858,398	331,070
Committed	-	-	188,115	95,867	252,982	736,383	-	-	-	-
Assigned	-	-	3,075,654	10,782,061	12,062,390	13,917,167	494,135	665,000	1,114,850	-
Unassigned	17,305,639	19,440,326	18,079,101	19,058,085	18,500,402	17,320,612	11,860,481	19,391,476	25,905,913	30,877,094
<b>Total General Fund</b>	<b>\$ 17,512,761</b>	<b>19,654,553</b>	<b>21,524,118</b>	<b>30,099,127</b>	<b>30,984,221</b>	<b>32,135,351</b>	<b>12,536,737</b>	<b>27,533,848</b>	<b>29,068,061</b>	<b>31,380,882</b>
All Other Government Funds:										
Nonspendable	\$ 14,893	-	-	-	-	-	-	12,701	23,866	26,624
Restricted	14,443,024	8,962,985	9,119,256	8,657,865	55,309,054	46,960,534	64,478,982	22,332,807	11,887,315	11,626,448
<b>Total all other governmental funds</b>	<b>\$ 14,457,917</b>	<b>8,962,985</b>	<b>9,119,256</b>	<b>8,657,865</b>	<b>55,309,054</b>	<b>46,960,534</b>	<b>64,478,982</b>	<b>22,345,508</b>	<b>11,911,181</b>	<b>11,653,072</b>
<b>Total all fund balances</b>	<b>\$ 31,970,678</b>	<b>28,617,538</b>	<b>30,643,374</b>	<b>38,756,992</b>	<b>86,293,275</b>	<b>79,095,885</b>	<b>77,015,719</b>	<b>49,879,356</b>	<b>40,979,242</b>	<b>43,033,954</b>

Source: Balance Sheet

Note 1: Fund balance classifications were modified in 2011 to align with the categories contained in GASB Statement No. 54.

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Table V**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
Local and intermediate sources	\$ 32,345,694	33,510,061	43,117,075	37,780,687	38,066,231	39,639,149	42,557,005	44,463,585	47,844,766	50,907,466
State program revenues	26,174,294	25,983,705	23,189,790	22,489,991	24,354,075	26,024,654	27,060,928	25,625,555	25,900,825	24,556,643
Federal program revenues	12,235,571	12,753,106	9,710,564	8,567,450	9,168,794	9,023,032	9,097,674	9,785,803	9,739,154	10,797,168
<b>Total revenues</b>	<b>\$ 70,755,559</b>	<b>72,246,872</b>	<b>76,017,429</b>	<b>68,838,128</b>	<b>71,589,100</b>	<b>74,686,835</b>	<b>78,715,607</b>	<b>79,874,943</b>	<b>83,484,745</b>	<b>86,261,277</b>
<b>Expenditures:</b>										
Instruction	\$ 37,782,267	39,043,204	34,479,218	32,616,048	34,773,496	37,687,373	37,041,830	36,702,212	39,645,181	36,983,744
Instructional resources and media services	1,313,253	1,462,126	1,171,610	909,219	952,465	964,178	919,469	930,425	908,777	932,398
Curriculum and staff development	981,776	1,743,358	1,572,268	1,145,812	1,458,121	1,557,683	1,696,274	1,626,310	1,737,144	1,506,991
Instructional leadership	830,593	842,190	921,135	899,314	1,083,731	1,169,302	1,484,633	1,484,540	1,684,851	1,659,700
School leadership	3,157,077	3,238,889	3,209,861	3,427,941	3,964,229	4,102,850	4,087,715	4,159,065	4,166,415	4,311,731
Guidance, counseling, and evaluation services	2,159,429	2,141,402	2,031,688	1,908,839	2,020,264	2,245,443	2,239,862	2,031,772	2,113,764	2,436,997
Social work services	435,727	507,842	500,989	511,566	528,214	576,257	556,109	644,955	649,160	783,014
Health services	482,075	530,337	497,728	501,053	539,040	547,662	542,586	536,973	523,396	551,138
Student transportation	2,016,822	2,254,122	2,394,807	2,696,104	2,693,468	2,089,876	2,559,205	2,557,219	2,778,722	2,829,565
Food services	3,726,571	3,588,569	3,822,485	3,955,740	4,025,460	3,993,581	4,266,025	4,639,767	4,407,152	4,801,851
Extracurricular activities	1,809,239	1,751,737	1,776,916	1,953,555	1,814,731	2,017,058	2,164,695	3,532,369	2,797,949	2,328,461
General administration	1,615,525	1,685,137	1,514,733	1,543,693	1,616,490	1,708,359	1,945,469	2,020,476	1,969,606	2,237,282
Facilities maintenance and operations	6,047,358	5,805,691	4,817,261	4,770,063	4,929,218	6,167,756	6,191,032	6,365,275	6,363,124	7,155,660
Security and monitoring services	310,724	284,078	241,637	346,048	464,106	262,345	367,906	529,532	453,902	480,344
Data processing services	813,029	828,442	689,968	1,092,033	1,280,957	1,428,410	1,971,985	1,745,675	1,706,174	1,690,327
Community services	94,616	90,368	17,167	20,160	136,843	126,358	96,425	52,006	79,862	101,331
Principal on long-term debt	3,311,957	3,299,763	2,143,583	2,291,520	2,710,073	2,165,212	1,585,996	5,149,928	5,550,837	5,727,660
Interest on long-term debt	1,998,441	1,926,171	3,249,757	3,432,155	3,382,484	6,350,527	7,886,855	6,105,430	6,513,516	6,645,780
Other debt service	2,887	164,311	5,637	156,647	527,883	3,392	1,028,862	121,351	7,650	9,500
Facilities acquisition and construction	19,354,612	3,921,192	1,181,537	3,131,106	1,908,542	6,098,457	40,864,360	35,702,738	7,687,372	849,452
Payments related to shared services arrangements	202,590	244,348	218,321	234,390	231,429	140,658	109,809	66,270	102,277	113,358
Other intergovernmental charges	343,309	371,330	365,885	407,581	407,583	418,607	444,400	490,257	535,178	571,553
<b>Total expenditures</b>	<b>\$ 88,789,877</b>	<b>75,724,607</b>	<b>66,824,191</b>	<b>67,950,587</b>	<b>71,448,827</b>	<b>81,821,344</b>	<b>120,051,502</b>	<b>117,194,545</b>	<b>92,382,009</b>	<b>84,707,837</b>

(continued)

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Table V**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years (Continued)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Excess (Deficiency) of revenues (under) expenditures	\$ (18,034,318)	(3,477,735)	9,193,238	887,541	140,273	(7,134,509)	(41,335,895)	(37,319,602)	(8,897,264)	1,553,440
Other Financing Sources (Uses):										
Capital-related debt	\$ -	9,725,000	-	10,135,000	44,770,000	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	37,065,000	10,000,000	-	-
Proceeds from bond refundings	-	-	-	-	-	-	40,420,000	-	-	-
Transfers in	-	130,335	250,000	250,000	600,000	200,000	21,840,912	8,333,980	4,443,686	1,187,275
Premium or discount on issuance of bonds	-	936,709	-	1,152,412	2,663,579	-	8,375,294	-	-	-
Transfers out	(84,664)	(167,314)	(294,431)	(303,649)	(637,569)	(262,881)	(21,920,986)	(8,150,741)	(4,446,536)	(1,187,275)
Payment to bond refunding escrow agent	-	(10,500,135)	-	(11,130,657)	-	-	(46,524,491)	-	-	-
Other resources	-	-	-	-	-	-	-	-	-	501,272
Total Other Financing Sources (Uses)	\$ (84,664)	124,595	(44,431)	103,106	47,396,010	(62,881)	39,255,729	10,183,239	(2,850)	501,272
Net Change in Fund Balances	\$ (18,118,982)	(3,353,140)	9,148,807	990,647	47,536,283	(7,197,390)	(2,080,166)	(27,136,363)	(8,900,114)	2,054,712
Debt service as a percentage of noncapital expenditures	6.50%	7.70%	7.30%	8.22%	8.71%	8.72%	11.27%	13.51%	14.23%	14.97%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE VI**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential Property	\$ 1,544,716,736	\$ 1,641,675,493	\$ 1,666,128,791	\$ 1,681,392,148	\$ 1,694,920,800	\$ 1,723,278,336	\$ 1,783,204,461	\$ 1,891,326,431	\$ 2,159,539,846	\$ 2,028,861,891
Commercial Property	717,768,895	782,912,169	758,171,116	796,433,950	828,705,860	829,956,909	812,206,027	1,152,014,754	1,282,708,832	1,146,582,837
Industrial Property	499,263,972	500,926,246	729,577,675	1,019,077,547	795,723,439	825,401,130	791,660,293	593,251,863	515,551,848	418,024,475
Less: Tax Exempt Property	381,928,073	429,133,691	485,593,768	821,209,530	669,807,659	717,753,125	640,127,157	825,174,212	822,235,850	777,715,926
<b>Total Assessed Value</b>	<b>\$ 2,379,821,530</b>	<b>\$ 2,496,380,217</b>	<b>\$ 2,668,283,814</b>	<b>\$ 2,675,694,115</b>	<b>\$ 2,649,542,440</b>	<b>\$ 2,660,883,250</b>	<b>\$ 2,746,943,624</b>	<b>\$ 2,811,418,836</b>	<b>\$ 3,135,564,676</b>	<b>\$ 2,815,753,277</b>
<b>Total Direct Tax Rate</b>	<b>1.24980</b>	<b>1.24980</b>	<b>1.25980</b>	<b>1.27700</b>	<b>1.28000</b>	<b>1.31500</b>	<b>1.41000</b>	<b>1.42000</b>	<b>1.42000</b>	<b>1.42000</b>
Estimated Actual Taxable Value	\$ 2,383,755,111	\$ 2,389,092,255	\$ 2,664,511,589	\$ 2,692,313,854	\$ 2,522,366,920	\$ 2,844,181,113	\$ 2,991,776,217	\$ 3,147,947,544	\$ 3,378,075,881	\$ 3,593,469,204
Taxable Assessed Value as a Percentage of Actual Taxable Value	99.835%	104.491%	100.142%	99.383%	105.042%	93.555%	91.816%	89.310%	92.821%	78.358%

Source: Guadalupe County Property Appraiser

Note: Tax Exempt Property for 2019 under review with the County Appraisal District at the time of publication

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE VII**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Seguin Independent School District:										
General Purposes	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.060000	\$ 1.060000	\$ 1.060000
Capital Purposes	0.209800	0.209800	0.219800	0.237000	0.240000	0.275000	0.370000	0.360000	0.360000	0.360000
<b>Total Direct Rates</b>	<b>\$ 1.249800</b>	<b>\$ 1.249800</b>	<b>\$ 1.259800</b>	<b>\$ 1.277000</b>	<b>\$ 1.280000</b>	<b>\$ 1.315000</b>	<b>\$ 1.410000</b>	<b>\$ 1.420000</b>	<b>\$ 1.420000</b>	<b>\$ 1.420000</b>
Guadalupe County	\$ 0.389500	\$ 0.399900	\$ 0.403600	\$ 0.403600	\$ 0.399900	\$ 0.394100	\$ 0.385100	\$ 0.385100	\$ 0.377990	\$ 0.381900
City of Seguin	0.460000	0.489300	0.507300	0.507300	0.517300	0.524400	0.525600	0.541200	0.541200	0.541200
<b>Total Direct and Overlapping Rates</b>	<b>\$ 2.099300</b>	<b>\$ 2.139000</b>	<b>\$ 2.170700</b>	<b>\$ 2.187900</b>	<b>\$ 2.197200</b>	<b>\$ 2.233500</b>	<b>\$ 2.320700</b>	<b>\$ 2.346300</b>	<b>\$ 2.339190</b>	<b>\$ 2.343100</b>

Source: Guadalupe County Property Appraiser

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE VIII**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**Current Year and Nine Years Ago**

Property Tax Payer	2019			2010		
	Taxable Value	Rank	% of Total Taxable Value	Taxable Value	Rank	% of Total Taxable Value
Caterpillar, Inc.	\$ 270,420,068	1	7.53%	\$ 39,171,084	3	1.64%
Structural Metals, Inc	190,530,678	2	5.30%	106,958,100	2	4.49%
Niagara Bottling LLC	54,019,594	3	1.50%	-		0.00%
Texas Petroleum, Inc.	34,903,674	4	0.97%	37,756,390	4	1.58%
Hexcel Reinforcements Corp.	34,024,928	5	0.95%	23,073,220	5	0.97%
8th Street Properties	33,218,998	6	0.92%	-		0.00%
Union Pacific Railroad Co.	15,438,989	7	0.43%	-		0.00%
Wonder Properties LTD	14,132,300	8	0.39%	-		0.00%
Guadalupe Valley Electric Co-Op	13,645,613	9	0.38%	-		0.00%
MA Ranch at Seguin LLC	13,000,000	10	0.36%	-		0.00%
ET Seguin Dist LLC	-		0.00%	-		0.00%
Rio Nogales Power Project	-		0.00%	140,947,786	1	5.91%
Southwestern Bell Telephone	-		0.00%	11,074,120	8	0.46%
Temple - Inland, Inc.	-		0.00%	10,612,851	10	0.45%
ITW Minigrip/Zip Pak, Inc.	-		0.00%	15,257,904	9	0.64%
Tyson Foods, Inc.	-		0.00%	11,664,828	7	0.49%
Republic Plastics	-		0.00%	14,212,987	6	0.60%
SDG Seguin 225E LP	-		0.00%	-		0.00%
Subtotal	\$ 673,334,842		18.74%	\$ 410,729,270		17.23%
Other Taxpayers	<u>2,920,134,362</u>		81.26%	<u>1,973,025,841</u>		82.77%
Total	<u>\$ 3,593,469,204</u>		100.00%	<u>\$ 2,383,755,111</u>		100.00%

Source: Guadalupe County Property Appraiser



**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Table IX**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Amount	Percent of Levy	Collections in Subsequent Years	Total Collections to Date	Percent of Levy
						Amount	Amount	
2010	2009	\$1.249800	\$ 29,792,171	\$29,454,381	98.87%	\$ 378,027	\$ 29,832,408	100.14%
2011	2010	\$1.249800	\$ 29,858,875	\$29,347,459	98.29%	\$ 458,717	\$ 29,806,176	99.82%
2012	2011	\$1.259800	\$ 33,567,517	\$32,481,690	96.77%	\$ 1,022,745	\$ 33,504,435	99.81%
2013	2012	\$1.277000	\$ 34,306,841	\$33,202,438	96.78%	\$ 1,015,956	\$ 34,218,394	99.74%
2014	2013	\$1.280000	\$ 34,160,813	\$33,068,084	96.80%	\$ 973,572	\$ 34,041,656	99.65%
2015	2014	\$1.315000	\$ 35,316,259	\$34,327,794	97.20%	\$ 883,232	\$ 35,211,026	99.70%
2016	2015	\$1.410000	\$ 37,396,003	\$36,240,124	96.91%	\$ 997,081	\$ 37,237,205	99.58%
2017	2016	\$1.420000	\$ 38,719,851	\$37,223,503	96.14%	\$ 1,240,964	\$ 38,464,467	99.34%
2018	2017	\$1.420000	\$ 42,756,739	\$41,352,137	96.71%	\$ 983,369	\$ 42,335,506	99.01%
2019	2018	\$1.420000	\$ 46,321,735	\$44,859,885	96.84%	\$ -	\$ 44,859,885	96.84%

Source: Guadalupe County Property Appraiser and District records

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE X**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary Government										
Governmental Activities:										
General obligation bonds	\$ 85,729,058	\$ 82,961,450	\$ 81,675,329	\$ 82,052,893	\$ 126,079,479	\$ 120,580,291	\$ 158,837,450	\$ 162,804,097	\$ 156,098,003	\$ 148,898,392
Notes Payable	45,000	-	-	-	-	-	-	-	-	-
Capital Leases	-	-	-	-	-	-	-	-	-	-
Total Primary Government	<u>\$ 85,774,058</u>	<u>\$ 82,961,450</u>	<u>\$ 81,675,329</u>	<u>\$ 82,052,893</u>	<u>\$ 126,079,479</u>	<u>\$ 120,580,291</u>	<u>\$ 158,837,450</u>	<u>\$ 162,804,097</u>	<u>\$ 156,098,003</u>	<u>\$ 148,898,392</u>
Personal Income	\$ 1,320,944	\$ 1,560,656	\$ 1,593,441	\$ 1,713,161	\$ 1,824,414	\$ 1,961,339	\$ 1,866,185	\$ 2,104,146	\$ 2,219,260	\$ 2,321,786
Debt as a Percentage of										
Personal Income	6.49%	5.32%	5.13%	4.79%	6.91%	6.15%	8.51%	7.74%	7.03%	6.41%
Population (Seguin ISD)	38,632	43,366	44,277	46,106	46,106	48,548	48,548	51,191	52,639	53,970
Debt Per Capita	\$ 2,220	\$ 1,913	\$ 1,845	\$ 1,780	\$ 2,735	\$ 2,484	\$ 3,271	\$ 3,181	\$ 2,964	\$ 2,759

Source: U.S. Census Bureau, Bureau of Economic Analysis, National Center for Education Statistics.

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE XI**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net Assessed Value										
All property	\$ 2,383,755,111	\$ 2,389,092,255	\$ 2,664,511,589	\$ 2,692,313,854	\$ 2,522,366,920	\$ 2,844,181,113	\$ 2,991,776,217	\$ 3,147,947,544	\$ 3,378,075,881	\$ 3,593,469,204
Net Bonded Debt										
Gross bonded debt	\$ 85,729,058	\$ 82,961,450	\$ 81,675,329	\$ 82,052,893	\$ 126,079,479	\$ 120,580,291	\$ 158,837,450	\$ 162,804,097	\$ 156,098,003	\$ 148,898,392
Less debt service funds	3,741,072	3,847,972	4,589,994	5,420,415	7,998,127	7,535,272	8,808,617	7,172,910	7,855,444	8,968,967
Total Net Bonded Debt	<u>\$ 81,987,986</u>	<u>\$ 79,113,478</u>	<u>\$ 77,085,335</u>	<u>\$ 76,632,478</u>	<u>\$ 118,081,352</u>	<u>\$ 113,045,019</u>	<u>\$ 150,028,833</u>	<u>\$ 155,631,187</u>	<u>\$ 148,242,559</u>	<u>\$ 139,929,425</u>
Ratio of Net Bonded Debt										
To Assessed Value	3.44%	3.31%	2.89%	2.85%	4.68%	3.97%	5.01%	4.94%	4.39%	3.89%
Population (Guadalupe County)	117,172	131,533	134,295	139,841	139,841	147,250	147,250	155,265	159,659	163,694
Net Bonded Debt										
Per Capita	\$ 700	\$ 601	\$ 574	\$ 548	\$ 844	\$ 768	\$ 1,019	\$ 1,002	\$ 928	\$ 855

Source: Guadalupe County Property Appraiser, National Center for Education Statistics.

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE XII**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2019**

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	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Governmental Unit			
Guadalupe County	\$ 11,741,357	32.970%	\$ 3,871,125
City of Seguin	\$ 84,442,920	100.000%	<u>\$ 84,442,920</u>
Subtotal, overlapping debt			\$ 88,314,045
District direct debt	\$ 148,898,392	100.000%	<u>\$ 148,898,392</u>
Total direct and overlapping debt			<u><u>\$ 237,212,437</u></u>
Population (Seguin ISD)			53,970
Per Capita Debt-Direct and Overlapping			<u><u>\$ 4,395.27</u></u>

Source: Guadalupe County, City of Seguin, U.S. Census Bureau

The applicable percentage is based on the net taxable value of the respective entities.

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE XIII**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Years**

<b>Fiscal Year Ended June 30</b>	<b>Population (Seguin ISD)</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2010	38,632	\$ 1,320,944	\$ 34,193	36	7,562	7.3%
2011	43,366	\$ 1,560,656	\$ 35,988	36	7,548	7.5%
2012	44,277	\$ 1,593,441	\$ 35,988	36	7,440	5.8%
2013	46,106	\$ 1,713,161	\$ 37,157	36	7,514	6.3%
2014	46,106	\$ 1,824,414	\$ 39,570	37	7,419	4.6%
2015	48,548	\$ 1,961,339	\$ 40,399	37	7,459	3.6%
2016	48,548	\$ 1,866,137	\$ 38,439	42	7,492	3.8%
2017	51,191	\$ 2,104,146	\$ 41,103	37	7,492	3.7%
2018	52,639	\$ 2,219,260	\$ 42,164	37	7,467	3.5%
2019	53,970	\$ 2,321,786	\$ 43,019	37	7,366	3.0%

Source: Bureau of Economic Analysis, U.S. Census Bureau and the Texas Workforce Commission.

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

**TABLE XIV**

**PRINCIPAL EMPLOYERS**

**Current Year and Nine Years Ago**

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Employer	2019		2010	
	Employees	Rank	Employees	Rank
Caterpillar, Inc.	2,000	1	-	-
Continental Automotive	1,600	2	789	4
Seguin ISD	1,130	3	1,158	1
CMC Steel	835	4	832	3
Tyson Foods	745	5	888	2
Guadalupe Regional Medical Center	700	6	760	6
HEB	340	7	-	-
Wal-Mart Super Center	300	8	350	8
Texas Lutheran University	260	9	-	-
Hexcel	250	10	241	10
	<u>8,160</u>		<u>5,018</u>	

Source: Seguin Economic Development

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE XV**  
**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM**  
**Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Governmental Activities:</u>										
Instruction	719	675	613	609	628	617	618	600	597	592
Instructional resources and media services	19	18	18	13	12	12	12	12	12	12
Curriculum and staff development	7	22	19	14	16	20	19	17	19	14
Instructional leadership	13	13	14	13	15	19	19	18	20	20
School leadership	61	62	61	67	70	70	69	69	68	70
Guidance, counseling and evaluation services	34	34	33	31	32	32	29	26	29	30
Social work services	7	9	8	9	9	8	11	11	7	11
Health services	12	14	13	14	14	13	12	12	12	12
Student transportation	69	73	70	80	77	76	75	71	76	76
Food services	68	72	70	73	72	67	72	71	68	67
Extracurricular activities	5	9	9	8	6	4	6	6	7	6
General administration	19	18	18	18	17	18	18	19	18	19
Facilities maintenance and operations	100	92	85	90	83	88	85	80	82	88
Security and monitoring services	6	4	4	4	4	4	5	5	5	5
Data processing services	5	6	6	11	12	12	12	11	12	12
Community services	14	12	7	6	12	12	9	7	2	2
Total District Positions	<u>1,158</u>	<u>1,133</u>	<u>1,048</u>	<u>1,060</u>	<u>1,079</u>	<u>1,072</u>	<u>1,071</u>	<u>1,035</u>	<u>1,034</u>	<u>1,036</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE XVI**  
**OPERATING STATISTICS**  
**Last Ten Years**

	Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Average Daily Membership	7,562	7,548	7,440	7,514	7,419	7,459	7,492	7,425	7,467	7,366
Operating Expenditures	\$ 49,779,759	\$ 50,671,743	\$ 49,133,036	\$ 50,038,885	\$ 53,380,021	\$ 54,725,032	\$ 57,560,636	\$ 58,528,169	\$ 60,456,630	\$ 59,345,095
Cost per pupil	6,583	6,713	6,604	6,659	7,195	7,337	7,683	7,883	8,097	8,057
Percentage change	-2.39%	1.98%	-1.63%	0.84%	8.04%	1.97%	4.72%	2.60%	2.71%	-0.49%
Non-Operating Expenses	\$ 618,409	\$ 371,330	\$ 365,885	\$ 1,066,323	\$ 502,101	\$ 418,607	\$ 444,400	\$ 3,200,117	\$ 3,660,111	\$ 2,063,740
Cost per pupil	82	49	49	142	68	56	59	431	490	280
Percentage change	87.86%	-39.84%	-0.04%	188.57%	-52.31%	-17.08%	5.69%	626.60%	13.73%	-42.84%
Teaching Staff	544	527	486	469	474	489	486	478	465	464
Pupil-teacher ratio	14	14	15	16	16	15	15	16	16	16
Percentage of Students										
Economically Disadvantaged	66.10%	68.80%	68.16%	68.61%	68.87%	67.67%	65.89%	66.26%	67.12%	71.00%



**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE XVII**  
**TEACHER BASE SALARIES**  
**Last Ten Years**

	Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Minimum Salary	\$ 40,000	\$ 40,500	\$ 40,500	\$ 41,000	\$ 42,500	\$ 44,500	\$ 45,000	\$ 45,500	\$ 46,500	\$ 49,000
Maximum Salary	\$ 59,337	\$ 66,602	\$ 60,112	\$ 60,938	\$ 61,900	\$ 62,000	\$ 63,100	\$ 65,150	\$ 65,974	\$ 66,809
District Average Actual Teacher Salary	\$ 46,601	\$ 51,114	\$ 46,370	\$ 46,953	\$ 47,492	\$ 48,063	\$ 49,143	\$ 51,538	\$ 51,848	\$ 52,986
Statewide Average Actual Teacher Salary	\$ 48,263	\$ 48,639	\$ 48,375	\$ 48,821	\$ 49,692	\$ 50,715	\$ 51,892	\$ 52,525	\$ 55,334	\$ 54,122

Source: District records and the Texas Education Agency

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE XVIII**  
**SCHOOL BUILDING INFORMATION**  
**Last Ten Years**

	Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Elementary</b>										
Koennecke (1986)										
Square feet	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206
Capacity	562	562	562	562	562	562	562	562	562	562
Enrollment	562	562	492	529	546	533	533	535	515	539
Ball (1976)										
Square feet	51,805	51,805	51,805	51,805	51,805	51,805	51,805	51,805	51,805	51,805
Capacity	449	449	449	449	449	449	449	449	449	449
Enrollment	-	-	379	258	245	263	263	490	536	492
Jefferson (1974)										
Square feet	53,087	53,087	53,087	53,087	53,087	53,087	53,087	53,087	53,087	53,087
Capacity	584	584	584	584	584	584	584	584	584	584
Enrollment	564	564	477	414	406	393	393	421	403	363
Juan Seguin (1940)										
Square feet	25,306	25,306	25,306	25,306	25,306	25,306	25,306	25,306	25,306	25,306
Capacity	300	300	300	300	300	300	300	300	300	300
Enrollment	456	456	-	-	-	-	-	-	-	-
McQueeney (1976)										
Square feet	54,957	54,957	54,957	54,957	54,957	54,957	54,957	54,957	54,957	54,957
Capacity	490	490	490	490	490	490	490	490	490	490
Enrollment	527	527	422	379	356	350	350	347	339	337
Patlan (1987)										
Square feet	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206
Capacity	562	562	562	562	562	562	562	562	562	562
Enrollment	587	587	444	469	462	467	467	462	445	419
Rodriguez (2010)										
Square feet		67,000	67,000	67,000	67,000	67,000	67,000	67,000	67,000	67,000
Capacity		650	650	650	650	650	650	650	650	650
Enrollment		518	522	527	547	548	548	526	544	551
Saegert (1930)										
Square feet	67,547	67,547	67,547	67,547	67,547	67,547	67,547	67,547	67,547	67,547
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	561	561	532	540	522	489	489	-	-	-
Vogel (1991)										
Square feet	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206
Capacity	562	562	562	562	562	562	562	562	562	562
Enrollment	553	553	460	472	439	464	464	425	409	405
Weinert (1974)										
Square feet	46,375	46,375	46,375	46,375	46,375	46,375	46,375	46,375	46,375	46,375
Capacity	540	540	540	540	540	540	540	540	540	540
Enrollment	493	493	527	539	548	558	558	520	513	475

(continued)

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE XVIII**  
**SCHOOL BUILDING INFORMATION**  
**Last Ten Years (Continued)**

	Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018
<b>Middle School</b>										
Barnes (2004)										
Square feet	105,000	105,000	105,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	549	549	547	530	534	530	530	813	863	876
Briesemeister (1975)										
Square feet	103,606	103,606	103,606	103,606	103,606	103,606	103,606	103,606	103,606	103,606
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	536	536	535	530	535	527	527	787	807	778
Burges (1950)										
Square feet	17,114	17,114	17,114	17,114	17,114	17,114	17,114	17,114	17,114	17,114
Capacity	120	120	120	120	120	120	120	120	120	120
Enrollment	58	58	49	21	25	29	29	31	26	-
<b>High School</b>										
Learning Center (1964)										
Square feet	21,968	21,968	21,968	21,968	21,968	21,968	21,968	21,968	21,968	21,968
Capacity	125	125	125	125	125	125	125	125	125	125
Enrollment	131	131	135	155	153	134	134	103	92	78
Seguin High School										
Square feet	289,914	289,914	289,914	289,914	289,914	289,914	289,914	420,774	420,774	420,774
Capacity	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,450	2,450	2,450
Enrollment	1,945	1,945	1,915	1,878	1,849	1,892	1,892	1,949	1,962	1,985

Source: District records

**FEDERAL AWARDS SECTION**



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

The Board of Trustees of  
Seguin Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Seguin Independent School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 29, 2019.

**Internal Control Over Financial Reporting**

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

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

*"A Registered Investment Advisor"*

*This firm is not a CPA firm*

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

### **Compliance and Other Matters**

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

### **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.

*Maxwell Locke + Ritter LLP*

Austin, Texas  
October 29, 2019



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

The Board of Trustees of  
Seguin Independent School District:

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

We have audited Seguin Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2019. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

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*This firm is not a CPA firm*

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

### **Opinion on the Major Federal Program**

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

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

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

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

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

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

*Maxwell Locke + Ritter LLP*

Austin, Texas  
October 29, 2019



**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2019**

**K-1**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b><u>Passed Through Texas Education Agency:</u></b>			
Title I Grants to Local Educational Agencies	84.010A	18610101094901	5,538
Title I Grants to Local Educational Agencies	84.010A	18610103094901	14,568
Title I Grants to Local Educational Agencies	84.010A	19610101094901	1,679,375
Title I Grants to Local Educational Agencies	84.010A	19610103094901	91,562
Total CFDA 84.010A			1,791,043
Migrant Education State Grant Program	84.011	18615001094901	305
Migrant Education State Grant Program	84.011	19615001094901	43,389
Total CFDA 84.011A			43,694
Student Support and Academic Enrichment Program	84.424A	18680101094901	939
Student Support and Academic Enrichment Program	84.424A	19680101094901	97,801
Total CFDA 84.424A			98,740
<b>Special Education Cluster:</b>			
Special Education Grants to States	84.027A	186600010949016000	560,867
Special Education Grants to States	84.027A	196600010949016000	793,630
Special Education Grants to States (High Cost Pool)	84.027A	186600120949016000	46,227
Special Education Grants to States (High Cost Pool)	84.027A	196600010949016000	219,856
Special Education Grants to States (High Cost Pool)	84.027A	H027A16008	88,231
Special Education Preschool Grants	84.173A	186610010949016000	4,402
Special Education Preschool Grants	84.173A	196610010949016000	30,140
Total CFDA 84.173A			34,542
Career and Technical Education - Basic Grants to States	84.048A	19420006094901	93,752
English Language Acquisition State Grants	84.365A	18671001094901	2,466
English Language Acquisition State Grants	84.365A	19671001094901	50,789
Total CFDA 84.365A			53,255
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	18694501094901	1,603
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	19694501094901	247,486
Total CFDA 84.367A			249,089
Grants for State Assessment and Related Activities	84.369A	69551802	6,258
Education for Homeless Children and Youth	84.196A	194600057110064	13,904
<b>Total Passed Through Texas Education Agency</b>			4,093,088
<b><u>Passed Through Education Service Center, Region X:</u></b>			
Education for Homeless Children and Youth	84.196A	18041	10,172
Total CFDA 84.196A			24,076
Special Education Grants to States (High Cost Pool)	84.027A	2265431920009	8,108
Total CFDA 84.027A			1,716,919
<b>Total Special Education Cluster</b>			1,751,461
<b>Total Passed Through Education Service Center, Region X</b>			18,280
<b>TOTAL DEPARTMENT OF EDUCATION</b>			4,111,368
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b><u>Child Nutrition Cluster:</u></b>			
<b><u>Passed Through Texas Education Agency:</u></b>			
School Breakfast Program	10.553	71401801	177,585
School Breakfast Program	10.553	71401901	985,339
Total CFDA 10.553			1,162,924
National School Lunch Program	10.555	71301801	355,005
National School Lunch Program	10.555	71301901	1,986,005
<b>Total Passed Through Texas Education Agency</b>			3,503,934
<b><u>Passed Through Texas Department of Human Services-</u></b>			
Non-cash assistance - Food Distribution Program	10.555	094-901	309,562
Total CFDA 10.555			2,650,572
<b>Total Child Nutrition Cluster</b>			3,813,496
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			3,813,496
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<b><u>Direct Program</u></b>			
ROTC	12.000	094-901	96,760
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b><u>Passed Through BCFS Education Services-</u></b>			
Head Start	93.600	06CH7161023855	430,017
<b><u>Passed Through Texas Health and Human Services Commission-</u></b>			
Medical Assistance Program	93.778	529-07-0157-00253	23,616
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			453,633
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 8,475,257

The accompanying notes are an integral part of this schedule.

# SEGUIN INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2019

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### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Seguin Independent School District (the "District") under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, change in net position, or cash flows of the District.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The expenditures reported on the Schedule are reported using the modified accrual basis of accounting, with the exception of the National School Lunch Program, School Breakfast Program and the Food Distribution Program. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Expenditures in the National School Lunch Program, School Breakfast Program and the Food Distribution Program are not specifically attributable to this revenue source and are shown on the Schedule in an amount equal to revenue for balancing purposes only. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

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

#### **Relationship to Basic Financial Statements**

Expenditures of federal awards are reported in the District's basic financial statements in the General Fund and special revenue funds.

#### **Relationship to Federal Financial Reports**

Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports in all significant respects.

#### **Valuation of Non-cash Programs**

The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

# SEGUIN INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2019

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?

yes  no

#### FEDERAL AWARDS

Internal control over the major federal program:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

Type of auditors' report issued on compliance for the major federal program-

Special Education Cluster

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes  no

Identification of the major federal program-

CFDA Number(s)	Name of Federal Program or Cluster
	Special Education Cluster:
84.027A	Special Education Grants to States
84.027A	Special Education Grants to States (High Cost Pool)
84.173A	Special Education Preschool Grants

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes  no

# **SEGUIN INDEPENDENT SCHOOL DISTRICT**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2019**

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### **SECTION II - FINANCIAL STATEMENT FINDINGS**

There were no findings required to be reported in accordance with *Government Auditing Standards* for the years ended June 30, 2019 and June 30, 2018.

### **SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings or questioned costs required to be reported in accordance with 2 CFR 200.516(a) for the years ended June 30, 2019 and 2018.