

LACKLAND INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
AUGUST 31, 2020

CERTIFICATE OF BOARD

Lackland Independent School District

Name of School District

Bexar

County

015913

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 August 31, 2020 at a meeting of the Board of Trustees of such school district on the 15th of December, 2020.

Jere Pace

Signature of Board Secretary

Brian Miller

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)

**LACKLAND INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Lackland Independent School District
2460 Kenly Avenue, Building 8265
San Antonio, Texas 78236

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lackland Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the Lackland Independent School 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lackland Independent School District, as of August 31, 2020, and the respective changes in financial position 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, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District's Contributions for Pensions, Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of District's Contributions for Other Post-Employment Benefits on pages 6–12 and 46–52 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 Lackland Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 nonmajor fund financial statements 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 Texas Education Agency requires School Districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibit identified in the Table of Contents as J-1. This schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2020, on our consideration of the Lackland Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Lackland Independent School 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 Lackland Independent School District's internal control over financial reporting and compliance.

Coleman, Horton & Company, LLP

Uvalde, Texas
November 27, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The annual financial report of Lackland Independent School District (the District) is presented in six sections, management's discussion and analysis (this part), basic financial statements, required supplementary information, combining and other statements, required TEA supplementary information, and federal section. This section of the District's annual financial report presents our discussion and analysis of the financial performance during the year ending August 31, 2020. Please read it in conjunction with the District's financial section, which follows.

Overview of the Basic Financial Statements

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required TEA supplementary information* that further explains and supports the information in the financial statements.

Government-wide Statements

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

The two government-wide statements report the District's *net position* and how they have changed. Net position is the difference between the District's assets and deferred outflows less the District's liabilities and deferred inflows is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's student population.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Impact Aid and grants finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using individual revenue sources.

The District has two kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, then explain the relationship (or differences) between them.
- *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.

Financial Highlights

- The District's combined net position was \$50,079,126 at August 31, 2020, an increase of \$2,326,962.
- During the year, the District's revenue were \$22,337,749 as reflected below:

Governmental Activities			
	Current Year	Prior Year	Change
a) State Aid - Formula Grants	\$ 9,733,749	\$ 8,464,137	\$ 1,269,612
b) Operating Grants and Contributions	1,054,681	720,944	333,737
c) Capital Grants and Contributions	214,378	25,858	188,520
d) Grants and Contributions not restricted	10,939,205	10,049,319	889,886
e) Investment Earnings	268,006	576,868	(308,862)
f) Charges for Services	124,298	218,975	(94,677)
g) Other	3,432	14,773	(11,341)
Total	<u>\$ 22,337,749</u>	<u>\$ 20,070,874</u>	<u>\$ 2,266,875</u>

- During the year the District's expenses were \$20,010,787 as reflected below:

Governmental Activities			
	Current Year	Prior Year	Change
a) Instruction and instructional related	\$ 12,285,177	\$ 11,061,369	\$ 1,223,808
b) Instruction leadership/school leadership	1,011,945	1,018,846	(6,901)
c) Guidance, social work, health, transportation	1,962,981	1,504,294	458,687
d) Food services	473,272	507,560	(34,288)
e) Extracurricular activities	266,368	279,729	(13,361)
f) General administration	993,726	951,405	42,321
g) Plant maintenance and security	1,892,722	1,733,902	158,820
h) Data processing services	296,510	234,253	62,257
i) Community services	8,775	7,374	1,401
j) Payments to fiscal agent/member districts - shared service	819,311	550,710	268,601
Total Expenses	<u>\$ 20,010,787</u>	<u>\$ 17,849,442</u>	<u>\$ 2,161,345</u>

- The general fund reported a fund balance for the year of \$27,290,272, an increase of \$3,247,624 from the prior year.

- The District's combined net position was \$50,079,126 at August 31, as reflected below:

	Governmental Activities		
	Current Year	Prior Year	Change
Current and other assets	\$ 29,831,233	\$ 27,023,626	\$ 2,807,607
Capital and non-current assets	29,358,288	29,873,742	(515,454)
Total Assets	\$ 59,189,521	\$ 56,897,368	\$ 2,292,153
Deferred Outflows	\$ 1,011,647	\$ 705,443	\$ 306,204
Current liabilities	\$ 1,678,046	\$ 1,610,885	\$ 67,161
Long term liabilities	5,698,725	6,045,632	(346,907)
Total Liabilities	\$ 7,376,771	\$ 7,656,517	\$ (279,746)
Deferred Inflows	\$ 2,745,271	\$ 2,261,514	\$ 483,757
Net position:			
Net investment in capital assets	\$ 29,358,288	\$ 29,873,742	\$ (515,454)
Restricted	273,028	245,248	27,780
Unrestricted	20,447,810	17,633,174	2,814,636
Total Net Position	\$ 50,079,126	\$ 47,752,164	\$ 2,326,962

- The general fund transferred \$91,610 to supplement the Child Nutrition Program.

Capital Assets and Debt Administration

Capital Assets

Capital assets for the District at the end of the fiscal year August 31, 2020 amounted to \$29,358,288. It is the District's policy to charge off as a current expenditure any purchases less than \$5,000. The total capital assets recorded were improvements, buildings, equipment and furniture as reflected below:

District's Capital Assets			
	Governmental Activities		
	Current Year	Prior Year	Change
Buildings and improvements	\$ 48,013,121	\$ 46,370,883	\$ 1,642,238
Furniture and Equipment	2,313,371	2,319,874	(6,503)
Construction in progress	110,713	1,020,936	(910,223)
Totals at historical cost	50,437,205	49,711,693	725,512
Total accumulated depreciation	(21,078,917)	(19,837,951)	(1,240,966)
Net capital assets	<u>\$ 29,358,288</u>	<u>\$ 29,873,742</u>	<u>\$ (515,454)</u>

Long-term Liabilities

The District's long-term liabilities are compensated absences in the amount of \$90,241.

District's Long Term Liabilities			
	Governmental Activities		
	Current Year	Prior Year	Change
Compensated absences	<u>\$ 90,241</u>	<u>\$ 71,033</u>	<u>\$ 19,208</u>

General Fund Budgetary Highlights

The following factors were taken into account when adopting the General Fund budget for 2021:

- The District's budget for FY 2020-2021 was more conservative than prior fiscal years in the area of salary and benefit estimated costs due to the unknown impact of the COVID-19 pandemic on the state and federal budget and the potential increased costs due to CDC guidelines such as social distancing, PPE, disinfecting, etc.
- The District's 2020 final refined average daily attendance (ADA) was 963.446, reflecting a 4% decrease when compared to the prior year of 1,005.308. The 2021 budget was developed based on an estimated ADA of 950 students.
- There was no salary increases for the 2020-2021 fiscal year due to the unknown impact of the COVID-19 pandemic on the student enrollment and average daily attendance. The Board of Trustees approved a Teacher Hiring Scale with a starting annual salary of \$54,000 (increase of \$1,000 from BY 2019-2020) and a one-time supplemental pay of \$1,000 for exempt staff and \$500 for non-exempt staff.
- The employer contribution toward health insurance increased from \$478 to \$497 per month.

Total Amounts available for appropriations in the General Fund for 2021 are \$18,303,667, reflecting an overall increase of 6% compared to the original 2020 budget of \$17,193,091. The District adopted a balanced budget for 2021.

During the fall of 2020, the District's student enrollment was 888, representing an decrease of 184 students as compared to the fall of 2019. Student enrollment fluctuates throughout the year depending on military assignments and deployments. However, at the start of the 2020-2021 school year, the number of students enrolled decreased in part due to the movement to a hybrid instructional model that provides parents a choice between on-campus instruction and remote asynchronous instruction. Some parents opted to withdraw their child(ren) to either enroll them in the home district (non-district transfer students) or to home school. The Texas Education Agency is grandfathering all school districts ADA during the 1st three 6-week periods which will somewhat stabilize the 2020-2021 state funding for the first semester. The district's grandfathered ADA rate for the 1st semester is 1,020.

The District added no major new programs or initiatives to the 2021 budget.

The District continually monitors legislative actions at both the state and federal levels and will adjust future budget estimates as needed to reflect appropriation changes.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Services Department, 2460 Kenly Avenue, Building #8265, San Antonio, Texas 78236-1244.

BASIC FINANCIAL STATEMENTS

LACKLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2020

EXHIBIT A-1

Data	Primary Government
Control	Governmental
Codes	Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 2,140,055
1120 Current Investments	26,383,313
1240 Due from Other Governments	1,050,488
1290 Other Receivables, Net	3,725
1300 Inventories	36,747
1410 Prepayments	216,905
Capital Assets:	
1520 Buildings, Net	28,433,066
1530 Furniture and Equipment, Net	814,509
1580 Construction in Progress	110,713
1000 Total Assets	59,189,521
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	373,522
1706 Deferred Outflow Related to TRS OPEB	638,125
1700 Total Deferred Outflows of Resources	1,011,647
LIABILITIES	
2110 Accounts Payable	406,756
2150 Payroll Deductions and Withholdings	95,775
2160 Accrued Wages Payable	649,788
2177 Due to Fiduciary Funds	1,000
2180 Due to Other Governments	450,552
2200 Accrued Expenses	53,985
2300 Unearned Revenue	20,190
Noncurrent Liabilities:	
2501 Due Within One Year	90,241
2540 Net Pension Liability (District's Share)	348,914
2545 Net OPEB Liability (District's Share)	5,259,570
2000 Total Liabilities	7,376,771
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	206,907
2606 Deferred Inflow Related to TRS OPEB	2,538,364
2600 Total Deferred Inflows of Resources	2,745,271
NET POSITION	
3200 Net Investment in Capital Assets	29,358,288
3820 Restricted for Federal and State Programs	19,376
3890 Restricted for Other Purposes	253,652
3900 Unrestricted	20,447,810
3000 Total Net Position	\$ 50,079,126

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

LACKLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 11,218,735	\$ 19,974	\$ 510,458
12 Instructional Resources and Media Services	248,362	-	912
13 Curriculum and Instructional Staff Development	818,080	-	69,767
21 Instructional Leadership	238,928	-	123,452
23 School Leadership	773,017	377	-
31 Guidance, Counseling and Evaluation Services	1,053,251	-	137,783
33 Health Services	250,017	-	-
34 Student (Pupil) Transportation	659,713	-	-
35 Food Services	473,272	98,783	197,559
36 Extracurricular Activities	266,368	5,013	-
41 General Administration	993,726	151	-
51 Facilities Maintenance and Operations	1,827,399	-	-
52 Security and Monitoring Services	65,323	-	14,750
53 Data Processing Services	296,510	-	-
61 Community Services	8,775	-	-
93 Payments Related to Shared Services Arrangements	819,311	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 20,010,787</u>	<u>\$ 124,298</u>	<u>\$ 1,054,681</u>

Data Control Codes	General Revenues:
	Taxes:
SF	State Aid - Formula Grants
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
NE	Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
5		6	
Capital Grants and Contributions		Governmental Activities	
\$	-	\$	(10,688,303)
	-		(247,450)
	-		(748,313)
	-		(115,476)
	-		(772,640)
	-		(915,468)
	-		(250,017)
	-		(659,713)
	-		(176,930)
	-		(261,355)
	-		(993,575)
	214,378		(1,613,021)
	-		(50,573)
	-		(296,510)
	-		(8,775)
	-		(819,311)
\$	<u>214,378</u>		<u>(18,617,430)</u>

9,733,749
10,939,205
268,006
<u>3,432</u>
<u>20,944,392</u>
2,326,962
<u>47,752,164</u>
<u>\$ 50,079,126</u>

LACKLAND INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2020

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,853,633	\$ 286,422	\$ 2,140,055
1120 Investments - Current	26,200,711	182,602	26,383,313
1240 Due from Other Governments	610,680	439,808	1,050,488
1290 Other Receivables	2,976	749	3,725
1300 Inventories	7,104	29,643	36,747
1410 Prepayments	216,905	-	216,905
1000 Total Assets	<u>\$ 28,892,009</u>	<u>\$ 939,224</u>	<u>\$ 29,831,233</u>
LIABILITIES			
2110 Accounts Payable	\$ 356,787	\$ 49,969	\$ 406,756
2150 Payroll Deductions and Withholdings Payable	95,775	-	95,775
2160 Accrued Wages Payable	644,131	5,657	649,788
2170 Due to Other Funds	1,000	-	1,000
2180 Due to Other Governments	450,552	-	450,552
2200 Accrued Expenditures	53,492	493	53,985
2300 Unearned Revenue	-	20,190	20,190
2000 Total Liabilities	<u>1,601,737</u>	<u>76,309</u>	<u>1,678,046</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	7,104	29,643	36,747
3430 Prepaid Items	216,905	-	216,905
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	19,376	19,376
Committed Fund Balance:			
3510 Construction	13,300,000	779,455	14,079,455
3545 Other Committed Fund Balance	1,462,000	29,291	1,491,291
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	95,000	-	95,000
3600 Unassigned Fund Balance	12,209,263	5,150	12,214,413
3000 Total Fund Balances	<u>27,290,272</u>	<u>862,915</u>	<u>28,153,187</u>
4000 Total Liabilities and Fund Balances	<u>\$ 28,892,009</u>	<u>\$ 939,224</u>	<u>\$ 29,831,233</u>

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

LACKLAND INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2020

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 28,153,187
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$49,711,693 and the accumulated depreciation was (\$19,837,951). The net effect of including the beginning balances for capital assets (net of depreciation) is to increase net position.	29,873,742
2 Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2020 capital outlays is to increase net position.	947,917
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 of (\$348,914), a deferred resource inflow related to pensions in the amount of (\$206,907), and a deferred resource outflow related to pensions in the amount of \$373,522. The net effect of these adjustments is to decrease net position.	(182,299)
4 Included in the items related to debt is the recognition of the District's proportionate share for the OPEB benefit plan through TRS required by GASB 75 of (\$5,259,570), a deferred inflow related to OPEB of (\$2,538,364) and a deferred outflow of \$638,125. The net effect of these adjustments is to decrease net position.	(7,159,809)
5 The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,447,482)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing compensated absences of (\$90,241), removing assets disposed of during the year of (\$15,889), and eliminating interfund transfers. The net effect of these reclassifications and recognitions is to decrease net position.	(106,130)
19 Net Position of Governmental Activities	<u>\$ 50,079,126</u>

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

LACKLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 298,298	\$ 113,327	\$ 411,625
5800 State Program Revenues	10,664,486	198,868	10,863,354
5900 Federal Program Revenues	9,237,025	1,070,191	10,307,216
5020 Total Revenues	20,199,809	1,382,386	21,582,195
EXPENDITURES:			
Current:			
0011 Instruction	9,585,231	511,596	10,096,827
0012 Instructional Resources and Media Services	179,710	927	180,637
0013 Curriculum and Instructional Staff Development	701,557	69,767	771,324
0021 Instructional Leadership	102,619	123,452	226,071
0023 School Leadership	686,235	667	686,902
0031 Guidance, Counseling, and Evaluation Services	841,224	137,783	979,007
0033 Health Services	237,098	-	237,098
0034 Student (Pupil) Transportation	577,342	-	577,342
0035 Food Services	2,585	387,952	390,537
0036 Extracurricular Activities	214,240	2,009	216,249
0041 General Administration	932,020	256	932,276
0051 Facilities Maintenance and Operations	1,646,688	-	1,646,688
0052 Security and Monitoring Services	49,441	14,750	64,191
0053 Data Processing Services	276,922	-	276,922
0061 Community Services	8,352	-	8,352
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	732,015	732,015
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	819,311	-	819,311
6030 Total Expenditures	16,860,575	1,981,174	18,841,749
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	3,339,234	(598,788)	2,740,446
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	91,610	91,610
8911 Transfers Out (Use)	(91,610)	-	(91,610)
7080 Total Other Financing Sources (Uses)	(91,610)	91,610	-
1200 Net Change in Fund Balances	3,247,624	(507,178)	2,740,446
0100 Fund Balance - September 1 (Beginning)	24,042,648	1,370,093	25,412,741
3000 Fund Balance - August 31 (Ending)	\$ 27,290,272	\$ 862,915	\$ 28,153,187

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

LACKLAND INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 2,740,446
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2020 capital outlays is to increase net position.	947,917
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(1,447,482)
Current year changes due to GASB 68 increased revenues in the amount of \$757,751, but also increased expenditures in the amount of (\$616,847). The net effect on the change is to increase the change in net position.	140,904
Current year changes due to GASB 75 (OPEB) increased revenues in the amount of \$13,692, but also increased expenses in the amount of (\$33,418). This resulted in a decrease to the change in net position.	(19,726)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing recognizing the change in compensated absences of (\$19,208), removing the carrying value of assets disposed of during the year of (\$15,889) and eliminating interfund transfers. The net effect of these reclassifications and recognitions is to decrease the change in net position.	(35,097)
Change in Net Position of Governmental Activities	<u>\$ 2,326,962</u>

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

LACKLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2020

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 63,693
Due from Other Funds	1,000
Other Receivables	104
	<hr/>
Total Assets	\$ 64,797
	<hr/>
LIABILITIES	
Accounts Payable	\$ 34,543
Due to Student Groups	30,254
	<hr/>
Total Liabilities	\$ 64,797
	<hr/>

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

LACKLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lackland Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *GASB Statement No. 76* and it complies with the requirements of the appropriate version of Texas Education Agency’s *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

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

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

Fair Value. Lackland Independent School District applies Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

A. REPORTING ENTITY

The Board of Trustees (the “Board”), a five member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is appointed and has the exclusive power and duty to govern and oversee the management of the public schools of the District. It has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (“GASB”) in its Statement No. 14, “The Financial Reporting Entity.” There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Net Position.

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

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

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

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

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

Impact Aid revenues and revenues received from the State are recognized under the “susceptible to accrual concept”, that is, when they are both measurable and available. The District considers them “available” if they are collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund** - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

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

Governmental Funds:

1. **Special Revenue Funds** - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Capital Projects Fund** – These funds are used to account for revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Fiduciary Funds:

3. **Agency Funds** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds is the student activity fund.

E. FUND BALANCE POLICY

Lackland Independent School District reports fund balance for governmental funds in classifications based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The **nonspendable** classification represents assets that will be consumed or "must be maintained in tact" and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the **restricted** classification. The nature of these two classifications precludes a need for a policy from the Board of Trustees. However, the Board has adopted fund balance policies for the three unrestricted classifications – committed, assigned, and unassigned.

From time to time, the Board of Trustees may commit fund balances by a majority vote in a scheduled meeting. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions and other purposes determined by the Board.

The Board of Trustees may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting. The Superintendent and the Chief Financial Officer have the authority to make assignments.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures should be charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures should be charged to committed, assigned then unassigned.

By a majority vote in a scheduled meeting the Board of Trustees may commit fund balances and it may modify or rescind commitments. The Board may also delegate authority to persons or parties to assign fund balances in specific circumstances or funds.

Nonspendable	
Prepays in the general fund	\$ 216,905
Inventories in the general fund	7,104
Inventories in the food service fund	29,643
Total Nonspendable	<u>253,652</u>
Restricted	
Federal or State fund grant restrictions	19,376
Total Restricted	<u>19,376</u>
Committed	
Construction	14,079,455
Technology	1,462,000
Campus activity funds	29,291
Total Committed	<u>15,570,746</u>
Assigned	
Flexible Spending Arrangements	95,000
Total Assigned	<u>95,000</u>
Unassigned	
General Fund	12,209,263
Other Funds	5,150
Total Unassigned	<u>12,214,413</u>
Total Fund Balances	<u>\$ 28,153,187</u>

F. OTHER ACCOUNTING POLICIES

1. The District records reports inventories on the balance sheet at cost. Inventories of governmental funds are recorded as expenditures when they are consumed rather than when purchased.
2. The District records its investments in certificates of deposit and state sponsored money market accounts at fair value.
3. Unearned revenue accounted for on the balance sheet of the general fund and special revenue funds relates to excess funds received from the Texas Education Agency over earned amounts.
4. The District provides risk management obligations by carrying commercial insurance policies. Property and general liability insurance is obtained from a licensed insurer. Risk of loss is not retained by the District.
5. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources consist of differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (pension & OPEB), change in proportion and differences between employer's contributions and the proportionate share of contributions (pension & OPEB), and contributions paid to TRS subsequent to the measurement date (pension & OPEB).

6. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government wide financial statements, the District reports a deferred inflow of resources for differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), and changes in proportion and differences between employer's contributions and the proportionate share of contributions (pension & OPEB).
7. Prepaid items represent certain payments to vendors that reflect costs applicable to future accounting periods.
8. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
9. The Data Control Codes refer to the account code structure prescribed by TEA in the ***Financial Accountability System Resource Guide***. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.
10. In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
11. An employee who separates or retires from the District shall be eligible for reimbursement for unused local leave and limited state leave if the employee's separation is voluntary. The employee shall be reimbursed for up to 15 days (separation) an up to 60 days (retirement) of local leave at the rate established by the Board.
12. Capital assets, which include buildings, furniture and equipment are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	10-30
Vehicles	5-15
Furniture and equipment	5-15

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an “appropriated budget” for the General Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other report is in Exhibit J-1.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days’ public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	August 31, 2020
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Funds	\$ 45,821
Nonappropriated Budget Funds	<u>37,639</u>
All Special Revenue Funds	<u>\$ 83,460</u>

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The pledge of approved securities is waived only to the extent of the depository’s bond or the depository bank’s dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. Since the District complies with this law, it has no custodial credit risk for deposits.

At August 31, 2020, the District had deposits of \$2,051,565 in excess of FDIC coverage, fully secured by pledged securities of either the depository bank or the depository’s agent in the District’s name.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an “A”; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than “AA-” or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Lackland Independent School District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2020, Lackland Independent School District had the following accounts, included as deposits and investments on the statement of net position.

Investment Type	Credit Rating	Amount	Maturity		
			Less than 1 Year	1-5 Years	10+ Years
External Investment Pools	AAAm	\$ 26,383,313	\$ N/A	\$ -	\$ -
Total		<u>\$ 26,383,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional policies and contractual provisions governing investments for Lackland Independent School District are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to bank certificates of deposit and State sponsored investment pools.

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. All of the securities are in the District’s name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government’s investment in a single issuer, the District investment is in secured bank certificates of deposit and State sponsored investment pools.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Fair Value Measurement

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

At August 31, 2020, the District's investments measured at fair value are as follows.

Investments	Amount	Fair Value Measurement Using Input:		
		Level 1	Level 2	Level 3
External Investment Pools	\$ 26,383,313	\$ -	\$ 26,383,313	\$ -
Total	\$ 26,383,313	\$ -	\$ 26,383,313	\$ -

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

The District's investment in investment pools, which are exempt from regulation by the Securities and Exchange Commission, have as one of their objectives the maintenance of stable net asset value of \$1. The book value of the position in the pools is the same as the number of the shares in each pool; the market value of a share should approximately equal the book value of a share.

Lone Star Investment Pool (the Pool): The Pool's liquidity fund operates in a manner consistent with the SEC Rule 2a7 of the Investment Company Act of 1940, which allows the fund to use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the District's position in the Pool is the same as the value of the Pool's shares and does not include any unrealized gains and losses. The Pool is governed by an eleven member board of trustees (Board) made up of active participants in the Pool. The Board has the responsibility of adopting and monitoring compliance with the investment policy, appointing investment officers, overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. The Board is also responsible for monitoring performance of the Pool. Financial information for the Pool can be obtained by writing to Post Office Box 400, Austin, Texas 78767-0400 or by calling 1-800-758-3927.

Texas Local Government Investment Pool (TexPool): TexPool is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and PFIA. It is not SEC-registered. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller of Public Accounts has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. This external investment pool is reported at amortized cost pursuant to the criteria set forth in GASB Statement No. 79.

Texas Short Term Asset Reserve (TEXSTAR): The TEXSTAR program board holds legal title to all money, investments and assets and has the authority to employ personnel, contract for services and engage in other administrative activities necessary or convenient to accomplish the objectives of TEXSTAR. The business and affairs of TEXSTAR are managed by the board in accordance with its bylaws. The bylaws set forth procedures governing the selection of, and action taken by, the board. Board oversight of TEXSTAR is maintained through daily, weekly and monthly reporting requirements. This external investment pool is reported at NAV pursuant to the criteria set forth in GASB Statement No. 79.

TexasTERM Local Government Investment Pool (TexasTERM): TexasTERM was established under the provisions of the Interlocal Cooperations Act, Chapter 791 of the Texas Government Code and the PFIA. An advisory board composed of participants and nonparticipant members elected by the participant shareholders of Texas TERM is responsible for the overall management of Texas TERM, including the formulation and implementation of its investment and operating policies. In addition, the advisory board members select and oversee the activities of the investment advisor and custodian of Texas TERM and monitor investment performance and the method of valuing the shares. Texas TERM is a floating net position value fund. It is a fundamental objective of TexasTERM to assure the return of principal and interest at the date planned for redemption of shares; however, the net position value of shares may fluctuate prior to the planned redemption date. This external investment pool is reported at amortized cost pursuant to the criteria set forth in GASB Statement No. 79.

B. INTERFUND BALANCES AND TRANSFERS

Interfund balances as of August 31, 2020 were:

Due to Fiduciary Funds From:		
General Fund	\$	1,000
Total Due to Fiduciary Funds	\$	<u>1,000</u>
Transfers to Nonmajor Governmental Funds From:		
General Fund	\$	91,610
Total Transfers to Nonmajor Governmental Funds From Other Funds	\$	<u>91,610</u>

Transfers were used to supplement the District's Child Nutrition Program

C. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2020, were as follows:

	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:				
General Fund	\$ 610,680	\$ -	\$ 2,976	\$ 613,656
Nonmajor Governmental Funds	<u>439,808</u>	<u>-</u>	<u>749</u>	<u>440,557</u>
Total Governmental Activities	<u>\$ 1,050,488</u>	<u>\$ -</u>	<u>\$ 3,725</u>	<u>\$ 1,054,213</u>
Amount not scheduled for collection during subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Payables at August 31, 2020, were as follows:

	Accounts Payables	Salaries and Benefits	Due to Other Funds	Due to Other Governments	Total Payables
Governmental Activities:					
General Fund	\$ 356,787	\$ 793,398	\$ 1,000	\$ 450,552	\$ 1,601,737
Nonmajor Governmental Funds	49,969	6,150	-	-	56,119
Total Governmental Activities	<u>\$ 406,756</u>	<u>\$ 799,548</u>	<u>\$ 1,000</u>	<u>\$ 450,552</u>	<u>\$ 1,657,856</u>
Amount not scheduled for payment during subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

D. CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended August 31, 2020 was as follows:

	Primary Government				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental Activities:					
Buildings and improvements	\$ 46,370,883	\$ -	\$ -	\$ 1,642,238	\$ 48,013,121
Furniture and equipment	2,319,874	215,902	(222,405)	-	2,313,371
Construction in progress	1,020,936	732,015	-	(1,642,238)	110,713
Total at historical cost	49,711,693	947,917	(222,405)	-	50,437,205
Less accumulated depreciation					
Buildings and improvements	(18,240,574)	(1,339,481)	-	-	(19,580,055)
Furniture and equipment	(1,597,377)	(108,001)	206,516	-	(1,498,862)
Total accumulated depreciation	(19,837,951)	(1,447,482)	206,516	-	(21,078,917)
Governmental activities capital assets, net	<u>\$ 29,873,742</u>	<u>\$ (499,565)</u>	<u>\$ (15,889)</u>	<u>\$ -</u>	<u>\$ 29,358,288</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 881,675
Instructional resources and media services	59,948
Curriculum and instructional staff development	12,251
Instructional leadership	1,498
School leadership	52,522
Guidance, counseling and evaluation services	32,392
Health services	3,462
Student (pupil) transportation	69,315
Food services	77,276
Extracurricular activities	41,303
General administration	48,140
Facilities maintenance and operations	157,174
Security and monitoring services	722
Data processing services	9,683
Community Services	<u>121</u>
Total Depreciation Expense	<u>\$ 1,447,482</u>

E. LONG-TERM OBLIGATIONS

The long-term obligations of the District include accrued local leave for all employees. Changes in long-term obligations for the year ended August 31, 2020 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities					
Compensated absences*	\$ 71,033	\$ 29,861	\$ (10,653)	\$ 90,241	\$ 90,241
Total governmental activities	<u>\$ 71,033</u>	<u>\$ 29,861</u>	<u>\$ (10,653)</u>	<u>\$ 90,241</u>	<u>\$ 90,241</u>

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated Absences	Governmental	General

F. HEALTH CARE COVERAGE

During the period ended August 31, 2020, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$478 per month per employee and dependents based on employee coverage selection to the plan. All premiums were paid to a self-funded pool. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement. The contract between the District and the licensed insurer is renewable annually and terms of coverage and premium costs are included in the contractual provisions.

G. DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting *About TRS* then *Publications* then *Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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

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.

In May, 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

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

Contributions Rates		
	<u>2019</u>	<u>2020</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.7%
District's 2020 FY Employer Contributions		\$ 190,370
District's 2020 FY Member Contributions		\$ 772,852
Measurement Year NECE On-Behalf Contributions		\$ 609,591

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources or a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate, called the Public Education Employer Contribution, will replace the Non (OASDI) surcharge that was in effect in fiscal year 2019.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district 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. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

Actuarial Assumptions.

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

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
	2.63%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Municipal Bond Rate as of August 2019	
Last year ending August 31 in Projection	
Period (100 years)	2116
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad Hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions used in the determination of the total pension liability assumptions are the same assumptions used in the actuarial valuation as of August 31, 2018. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2018.

Discount Rate. A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized below:

Asset Class	FY 2019 Target Allocation* %	New Target Allocation** %	Long-Term Expected Geometric Real Rate of Return***
Global Equity			
USA	18.00%	18.00%	6.40%
Non-U.S. Developed	13.00%	13.00%	6.30%
Emerging Markets	9.00%	9.00%	7.30%
Directional Hedge Funds	4.00%	0.00%	0.00%
Private Equity	13.00%	14.00%	8.40%
Stable Value			
U.S. Treasuries****	11.00%	16.00%	3.10%
Stable Value Hedge Funds	4.00%	5.00%	4.50%
Absolute Return (Including Credit Sensitive Investments)	0.00%	0.00%	0.00%
Real Return			
Global Inflation Linked Bonds*****	3.00%	0.00%	0.00%
Real Estate	14.00%	15.00%	8.50%
Energy, Natural Resources and Infrastructure	5.00%	6.00%	7.30%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	8.00%	5.8%-6.5%*****
Asset Allocation Leverage			
Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	0.00%	-6.00%	2.70%
Total	100%	100%	7.23%

* FY 2019 Target Allocation based on the Strategic Asset Allocations dated 10/1/2018

** New target allocation based on the Strategic Asset Allocation dated 10/1/2019

*** 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

**** New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds.

***** 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility.

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 (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$536,331	\$348,914	\$197,069

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2020, Lackland Independent School District reported a liability of \$348,914 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Lackland Independent School District. The amount recognized by Lackland Independent School 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 Lackland Independent School District were as follows:

District's proportionate share of the collective net pension liability	\$ 348,914
State's proportionate share that is associated with the District	9,053,919
Total	<u>\$ 9,402,833</u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 thru August 31, 2019.

At August 31, 2019 the employer's proportion of the collective net pension liability was .0006712055% which was an increase of 0.0000411493% from its proportion measured as of August 31, 2018.

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 a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year for 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

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

For the year ended August 31, 2020, Lackland Independent School District recognized pension expense of \$1,422,243 and revenue of \$1,422,243 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2020, Lackland Independent School 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: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 1,466	\$ 12,115
Changes in actuarial assumptions	108,250	44,734
Net difference between projected and actual investment earnings	3,504	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	69,932	150,058
Contributions paid to TRS subsequent to the measurement date	190,370	-
Total	\$ 373,522	\$ 206,907

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

Year ended August 31:	Pension Expense Amount
2021	\$ (6,276)
2022	(8,632)
2023	6,376
2024	(7,687)
2025	(5,210)
Thereafter	(2,326)

H. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2019 are as follows:

Net OPEB Liability	Total
Total OPEB Liability	\$ 48,583,247,239
Less: Plan fiduciary net position	1,292,022,349
Net OPEB liability	\$ 47,291,224,890
Net position as a percentage of total OPEB liability	2.66%

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees 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 retirees are reflected in the following table.

TRS-Care Monthly Premium Rates

	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

*or surviving spouse

Contributions. Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on 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 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .75 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contributions Rates

	2019	2020
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%
District's 2020 FY Employer Contributions	\$	87,386
District's 2020 FY Member Contributions	\$	65,241
Measurement Year NECE On-Behalf Contributions	\$	104,878

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 \$73.6 million in fiscal year 2019.

Actuarial Assumptions.

The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

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, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05% including inflation
Ad Hoc Post-Employment Benefit Changes	None

Other Information: The impact of the Cadillac Tax that is returning in fiscal year 2023, has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

Discount Rate. A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% 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.

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.63%)	Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of the Net OPEB Liability:	\$6,349,988	\$5,259,570	\$4,406,534

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$4,290,572	\$5,259,570	\$6,557,580

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2020, Lackland Independent School District reported a liability of \$5,259,570 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 Lackland Independent School District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 5,259,570
State's proportionate share that is associated with the District	<u>6,988,791</u>
Total	<u><u>\$ 12,248,361</u></u>

The Net OPEB Liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 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, 2018 thru August 31, 2019.

At August 31, 2019 the employer's proportion of the collective Net OPEB Liability was 0.0111216600% compared to 0.0112711754% as of August 31, 2018.

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 (TOL) since the prior measurement period:

1. The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the TOL.
2. The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
3. The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
4. The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the TOL.
5. Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, Lackland Independent School District recognized OPEB expense of \$184,196 and revenue of \$184,196 for support provided by the State.

At August 31, 2020, Lackland Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 258,027	\$ 860,673
Changes in actuarial assumptions	292,128	1,414,695
Net difference between projected and actual investment earnings	567	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	17	262,996
Contributions paid to TRS subsequent to the measurement date	87,386	-
Total	\$ 638,125	\$ 2,538,364

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

Year ended August 31:	OPEB Expense Amount
2021	\$ (326,104)
2022	(326,104)
2023	(326,288)
2024	(326,393)
2025	(326,367)
Thereafter	(356,369)

I. MEDICARE PART D - ON BEHALF PAYMENTS

The Medicare Prescription Drug, Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Payments made on behalf of Lackland Independent School District for fiscal years 2018, 2019, and 2020 were \$27,643, \$36,091, and \$46,835.

J. LITIGATION

The District is occasionally involved in litigation in the general course of business. Attorneys for the District indicate there is no pending litigation at August 31, 2020.

K. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2020 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

The District is in the process of facility renovations as of August 31, 2020. Related costs to be provided for in the 2020-2021 year are \$14,780.

L. SHARED SERVICES ARRANGEMENT (“SSA”)

The District participates in a SSA for Special Education under Texas Education Code (TEC), Section 29.007, with two other school districts. Although 33 percent of the activity of the SSA is attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District has neither a joint ownership interest in capital assets purchased by the fiscal agent, Fort Sam Houston Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is not accumulating significant financial resources or fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

Presented below are the revenues and expenditures attributable to the District's participation:

Revenues:		
5812	State Foundation Program revenue distributed by TEA	<u>\$ 242,495</u>
Expenditures:		
6100	Payroll costs	\$ 237,255
6200	Professional and contracted services	2,490
6300	Supplies and materials	2,750
6400	Other operating costs	-
6600	Capital outlay	-
Total:		<u>\$ 242,495</u>

M. INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2020, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

During the year ended August 31, 2020, the District participated in the Property Casualty Alliance of Texas (PCAT) with coverages in auto liability, auto physical damage, band equipment, crime, equipment breakdown, general liability, legal liability and property programs. PCAT is a risk-sharing pool created under the appropriate Texas statutes. All members participating in PCAT execute interlocal agreements that define the responsibilities of the parties. PCAT purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for most lines of coverage. The terms and limits of the stop-loss program vary by line of coverage. PCAT uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves.

For the year ended August 31, 2020, the District does not anticipate any additional liability beyond the contractual obligations for payment of contributions.

PCAT engages the services of an independent auditor to conduct a financial audit after the close of each plan year. PCATs most recent audited financial statements are available upon request.

N. UNEMPLOYMENT COMPENSATION POOL

During the year ended August 31, 2020, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the TASB Fund). The TASB Fund was created, and is operated under, the provisions of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code. The TASB Fund's Unemployment Compensation Program is authorized by Section 22.005 of the TEC and Chapter 172 of the Texas Local Government Code. All members participating in the TASB Fund execute interlocal agreements that define the responsibilities of the parties. For the year ended August 31, 2020, the District does not anticipate any additional liability beyond the contractual obligations for payment of contributions.

The TASB Fund meets its obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for unemployment compensation pool members.

The TASB Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The TASB Fund's most recent audited financial statements are available upon request.

O. WORKERS' COMPENSATION POOL

During the year ended August 31, 2020, the District met its statutory workers' compensation obligations through participation in the Texas Workers' Compensation Solutions (TWCS). TWCS is a modified self-funded workers' compensation program created in accordance with Article 8309h, Section 2.4, of Vernon's Texas Statutes and Codes Annotated. All claims are managed by Edwards Claims Administration. All districts participating in the plan execute an interlocal agreement that defines the responsibilities of the parties. The plan provides statutory workers' compensation benefits to its members and their injured employees. For the year ended August 31, 2020, the District does not anticipate any additional liability beyond the contractual obligations for payment of contributions.

P. RECEIVABLES FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2020, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 578,658	\$ 32,022	\$ -	\$ 610,680
Capital Projects	-	-	-	-
Other Funds	89,440	350,368	-	439,808
Total	<u>\$ 668,098</u>	<u>\$ 382,390</u>	<u>\$ -</u>	<u>\$ 1,050,488</u>

Q. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Capital Projects Fund	Special Revenue Fund	Total
Investment income	\$ 256,802	\$ 11,204	\$ -	\$ 268,006
Insurance recovery	-	-	-	-
Foundation, gifts and bequests	-	-	830	830
Food sales	-	-	98,783	98,783
Extracurricular student activities	3,758	-	2,510	6,268
Other	37,738	-	-	37,738
Total	<u>\$ 298,298</u>	<u>\$ 11,204</u>	<u>\$ 102,123</u>	<u>\$ 411,625</u>

R. GENERAL FUND FEDERAL SOURCES REVENUE

Program or Source	CFDA Number	Amount
Impact Aid - P.L. 103-382	84.041	\$ 8,688,460
Department of Defense Supplemental	N/A	548,565
Total:		<u>\$ 9,237,025</u>

REQUIRED SUPPLEMENTARY INFORMATION

LACKLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 200,175	\$ 200,175	\$ 298,298	\$ 98,123
5800 State Program Revenues	9,770,997	10,770,997	10,664,486	(106,511)
5900 Federal Program Revenues	7,221,919	8,120,551	9,237,025	1,116,474
5020 Total Revenues	17,193,091	19,091,723	20,199,809	1,108,086
EXPENDITURES:				
Current:				
0011 Instruction	10,020,365	10,851,533	9,585,231	1,266,302
0012 Instructional Resources and Media Services	257,417	291,417	179,710	111,707
0013 Curriculum and Instructional Staff Development	882,791	889,291	701,557	187,734
0021 Instructional Leadership	92,193	152,193	102,619	49,574
0023 School Leadership	689,248	745,489	686,235	59,254
0031 Guidance, Counseling, and Evaluation Services	819,869	940,869	841,224	99,645
0033 Health Services	190,736	263,736	237,098	26,638
0034 Student (Pupil) Transportation	542,219	792,219	577,342	214,877
0035 Food Services	2,200	7,200	2,585	4,615
0036 Extracurricular Activities	288,942	302,633	214,240	88,393
0041 General Administration	964,664	1,004,664	932,020	72,644
0051 Facilities Maintenance and Operations	1,498,513	1,843,513	1,646,688	196,825
0052 Security and Monitoring Services	112,418	112,418	49,441	62,977
0053 Data Processing Services	233,507	313,507	276,922	36,585
0061 Community Services	44,700	45,200	8,352	36,848
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	450,000	850,000	819,311	30,689
0095 Payments to Juvenile Justice Alternative Ed. Prg.	5,000	5,000	-	5,000
6030 Total Expenditures	17,094,782	19,410,882	16,860,575	2,550,307
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	98,309	(319,159)	3,339,234	3,658,393
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	(98,309)	(118,309)	(91,610)	26,699
1200 Net Change in Fund Balances	-	(437,468)	3,247,624	3,685,092
0100 Fund Balance - September 1 (Beginning)	24,042,648	24,042,648	24,042,648	-
3000 Fund Balance - August 31 (Ending)	\$ 24,042,648	\$ 23,605,180	\$ 27,290,272	\$ 3,685,092

LACKLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Pension Liability (Asset)	0.000671205%	0.000630056%	0.001019248%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 348,914	\$ 346,798	\$ 325,901
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	9,053,919	9,992,918	5,739,572
Total	<u>\$ 9,402,833</u>	<u>\$ 10,339,716</u>	<u>\$ 6,065,473</u>
District's Covered Payroll	\$ 9,353,728	\$ 9,323,377	\$ 8,834,715
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	3.73%	3.72%	3.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%	82.17%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

<div> <div>FY 2017</div> <div>Plan Year 2016</div> </div> <div> <div>FY 2016</div> <div>Plan Year 2015</div> </div> <div> <div>FY 2015</div> <div>Plan Year 2014</div> </div>		
0.001210511%	0.0007677%	0.00001006%
\$ 457,434	\$ 271,372	\$ 268,717
6,317,871	5,997,472	5,153,393
\$ 6,775,305	\$ 6,268,844	\$ 5,422,110
\$ 7,986,318	\$ 7,530,695	\$ 7,243,068
5.73%	3.60%	3.71%
78.00%	78.43%	83.25%

LACKLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020

	2020	2019	2018
Contractually Required Contribution	\$ 190,370	\$ 27,800	\$ 25,345
Contribution in Relation to the Contractually Required Contribution	(190,370)	(27,800)	(25,345)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 10,037,035	\$ 9,353,728	\$ 9,323,377
Contributions as a Percentage of Covered Payroll	1.90%	0.30%	0.27%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

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

2017	2016	2015			
\$ 28,576	\$ 36,838	\$ 22,733			
(28,576)	(36,838)	(22,733)			
\$ -	\$ -	\$ -			
\$ 8,834,715	\$ 7,986,318	\$ 7,530,695			
0.32%	0.46%	0.30%			

LACKLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.01112166%	0.011271175%	0.011646061%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 5,259,570	\$ 5,627,801	\$ 5,064,435
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	6,988,791	8,387,199	7,244,855
Total	<u>\$ 12,248,361</u>	<u>\$ 14,015,000</u>	<u>\$ 12,309,290</u>
District's Covered Payroll	\$ 9,353,728	\$ 9,323,377	\$ 8,834,715
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	56.23%	60.36%	57.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.66%	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

LACKLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020

	2020	2019	2018
Contractually Required Contribution	\$ 87,386	\$ 79,598	\$ 78,349
Contribution in Relation to the Contractually Required Contribution	(87,386)	(79,598)	(78,349)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 10,037,035	\$ 9,353,728	\$ 9,323,377
Contributions as a Percentage of Covered Payroll	0.87%	0.85%	0.84%

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

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

LACKLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2020

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

Changes of Assumptions.

There were no changes in the actuarial assumptions used in the determination of the Total Pension Liability during the measurement period.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefit.

There were no changes of benefit terms during the measurement period that affected the Total OPEB Liability.

Changes in Assumptions.

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

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.

COMBINING AND OTHER STATEMENTS

LACKLAND INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2020

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	266 ESSER -School Emergency Relief	289 DODEA Grant
ASSETS					
1110	Cash and Cash Equivalents	\$ (13,535)	\$ 44,031	\$ (64,021)	\$ (240,986)
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	13,535	3,497	64,021	269,315
1290	Other Receivables	-	749	-	-
1300	Inventories	-	29,643	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 77,920</u>	<u>\$ -</u>	<u>\$ 28,329</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 6,379	\$ -	\$ 27,709
2160	Accrued Wages Payable	-	5,106	-	551
2200	Accrued Expenditures	-	424	-	69
2300	Unearned Revenue	-	20,190	-	-
2000	Total Liabilities	<u>-</u>	<u>32,099</u>	<u>-</u>	<u>28,329</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	29,643	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	16,178	-	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
3545	Other Committed Fund Balance	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>45,821</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 77,920</u>	<u>\$ -</u>	<u>\$ 28,329</u>

397 Advanced Placement Incentives	410 State Instructional Materials	427 Read to Succeed Grant	429 Autism Grant	461 Campus Activity Funds	494 Lockheed Martin Grant	497 McDonald Observatory	498 USAA Grants
\$ 3,167	\$ (73,882)	\$ (14,719)	\$ -	\$ 29,291	\$ 2,627	\$ 1,777	\$ 746
-	-	-	-	-	-	-	-
-	74,690	14,750	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,167</u>	<u>\$ 808</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 29,291</u>	<u>\$ 2,627</u>	<u>\$ 1,777</u>	<u>\$ 746</u>
\$ -	\$ 808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
3,167	-	31	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	29,291	-	-	-
-	-	-	-	-	2,627	1,777	746
<u>3,167</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>29,291</u>	<u>2,627</u>	<u>1,777</u>	<u>746</u>
<u>\$ 3,167</u>	<u>\$ 808</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 29,291</u>	<u>\$ 2,627</u>	<u>\$ 1,777</u>	<u>\$ 746</u>

LACKLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2020

Data Control Codes		Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
1110	Cash and Cash Equivalents	\$ (325,504)	\$ 611,926	\$ 286,422
1120	Investments - Current	-	182,602	182,602
1240	Due from Other Governments	439,808	-	439,808
1290	Other Receivables	749	-	749
1300	Inventories	29,643	-	29,643
1000	Total Assets	<u>\$ 144,696</u>	<u>\$ 794,528</u>	<u>\$ 939,224</u>
LIABILITIES				
2110	Accounts Payable	\$ 34,896	\$ 15,073	\$ 49,969
2160	Accrued Wages Payable	5,657	-	5,657
2200	Accrued Expenditures	493	-	493
2300	Unearned Revenue	20,190	-	20,190
2000	Total Liabilities	<u>61,236</u>	<u>15,073</u>	<u>76,309</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	Inventories	29,643	-	29,643
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	19,376	-	19,376
Committed Fund Balance:				
3510	Construction	-	779,455	779,455
3545	Other Committed Fund Balance	29,291	-	29,291
3600	Unassigned Fund Balance	5,150	-	5,150
3000	Total Fund Balances	<u>83,460</u>	<u>779,455</u>	<u>862,915</u>
4000	Total Liabilities and Fund Balances	<u>\$ 144,696</u>	<u>\$ 794,528</u>	<u>\$ 939,224</u>

LACKLAND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	266 ESSER -School Emergency Relief	289 DODEA Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 98,783	\$ -	\$ -
5800 State Program Revenues	-	14,179	-	-
5900 Federal Program Revenues	72,098	183,380	64,021	536,314
5020 Total Revenues	72,098	296,342	64,021	536,314
EXPENDITURES:				
Current:				
0011 Instruction	72,098	-	60,009	208,507
0012 Instructional Resources and Media Services	-	-	817	-
0013 Curriculum and Instructional Staff Development	-	-	-	69,767
0021 Instructional Leadership	-	-	-	123,452
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	3,195	134,588
0035 Food Services	-	387,952	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	72,098	387,952	64,021	536,314
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(91,610)	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	91,610	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	45,821	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 45,821	\$ -	\$ -

397 Advanced Placement Incentives	410 State Instructional Materials	427 Read to Succeed Grant	429 Autism Grant	461 Campus Activity Funds	494 Lockheed Martin Grant	497 McDonald Observatory	498 USAA Grants
\$ -	\$ -	\$ -	\$ -	2,510	830	\$ -	-
98	140,940	14,750	28,901	-	-	-	-
-	-	-	-	-	-	-	-
98	140,940	14,750	28,901	2,510	830	-	-
-	140,845	-	28,901	1,236	-	-	-
-	95	-	-	15	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	667	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,009	-	-	-
-	-	-	-	256	-	-	-
-	-	14,750	-	-	-	-	-
-	-	-	-	-	-	-	-
-	140,940	14,750	28,901	4,183	-	-	-
98	-	-	-	(1,673)	830	-	-
-	-	-	-	-	-	-	-
98	-	-	-	(1,673)	830	-	-
3,069	-	31	-	30,964	1,797	1,777	746
\$ 3,167	\$ -	\$ 31	\$ -	\$ 29,291	\$ 2,627	\$ 1,777	\$ 746

LACKLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 102,123	\$ 11,204	\$ 113,327
5800 State Program Revenues	198,868	-	198,868
5900 Federal Program Revenues	855,813	214,378	1,070,191
5020 Total Revenues	1,156,804	225,582	1,382,386
EXPENDITURES:			
Current:			
0011 Instruction	511,596	-	511,596
0012 Instructional Resources and Media Services	927	-	927
0013 Curriculum and Instructional Staff Development	69,767	-	69,767
0021 Instructional Leadership	123,452	-	123,452
0023 School Leadership	667	-	667
0031 Guidance, Counseling, and Evaluation Services	137,783	-	137,783
0035 Food Services	387,952	-	387,952
0036 Extracurricular Activities	2,009	-	2,009
0041 General Administration	256	-	256
0052 Security and Monitoring Services	14,750	-	14,750
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	732,015	732,015
6030 Total Expenditures	1,249,159	732,015	1,981,174
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(92,355)	(506,433)	(598,788)
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	91,610	-	91,610
1200 Net Change in Fund Balance	(745)	(506,433)	(507,178)
0100 Fund Balance - September 1 (Beginning)	84,205	1,285,888	1,370,093
3000 Fund Balance - August 31 (Ending)	\$ 83,460	\$ 779,455	\$ 862,915

T.E.A. REQUIRED SCHEDULES

LACKLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 162,200	\$ 162,200	\$ 98,783	\$ (63,417)
5800 State Program Revenues	15,036	15,036	14,179	(857)
5900 Federal Program Revenues	184,000	214,000	183,380	(30,620)
5020 Total Revenues	361,236	391,236	296,342	(94,894)
EXPENDITURES:				
Current:				
0035 Food Services	459,545	509,545	387,952	121,593
6030 Total Expenditures	459,545	509,545	387,952	121,593
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(98,309)	(118,309)	(91,610)	26,699
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	98,309	118,309	91,610	(26,699)
1200 Net Change in Fund Balances	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	45,821	45,821	45,821	-
3000 Fund Balance - August 31 (Ending)	\$ 45,821	\$ 45,821	\$ 45,821	\$ -

FEDERAL SECTION

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

To the Board of Trustees of
Lackland Independent School District
2460 Kenly Avenue, Building 8265
San Antonio, Texas 78236

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lackland Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the Lackland Independent School District's basic financial statements and have issued our report thereon dated November 27, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Coleman, Horton & Company, LLP

Uvalde, Texas
November 27, 2020

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Certified Public Accountants

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

To the Board of Trustees of
Lackland Independent School District
2460 Kenly Avenue, Building 8265
San Antonio, Texas 78236

Report on Compliance for Each Major Federal Program

We have audited the Lackland Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Lackland Independent School District's major federal programs for the year ended August 31, 2020. Lackland Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Lackland Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

Report on Internal Control over Compliance

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

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

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

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

Coleman, Horton & Company, LLP

Uvalde, Texas
November 27, 2020

LACKLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2020

A. Summary of the Auditor's Report

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Control deficiency(ies) identified? Yes X No

Control deficiency(ies) identified that are
not considered to be material weakness? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

Control deficiency(ies) identified? Yes X No

Control deficiency(ies) identified that are
not considered to be material weakness? Yes X None reported

Type of auditor's report issued on compliance for
major programs: Unmodified

Any audit findings disclosed that are required to be reported in
accordance with section 200.56 of the Uniform Guidance? Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

CFDA #84.041

Impact Aid - P.L. 103-382

Dollar threshold used to distinguish between
type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

LACKLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2020

B. Financial Statement Findings

-----None noted-----

C. Federal Award Findings and Questioned Costs

-----None noted-----

LACKLAND INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2020

-----Not Applicable-----

LACKLAND INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2020

-----Not Applicable-----

LACKLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2020

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
Sppt for Stud. Achievmt at Military Connected Sch.	12.556	HE-1254-15-1-0018	\$ 313,936
Sppt for Stud. Achievmt at Military Connected Sch.	12.556	HE-1254-16-1-0022	222,378
Total CFDA Number 12.556			<u>536,314</u>
Suppl Funding-Section 386, PL 102-484 & PL 107-314	12.558	N/A	516,544
Suppl Funding-Section 386, PL 102-484 & PL 107-314	12.558	N/A	32,022
Total CFDA Number 12.558			<u>548,566</u>
Total Direct Programs			<u>1,084,880</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>1,084,880</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874	84.041	S041B-2020-5001	7,902,691
Impact Aid - P.L. 81.874	84.041	S041B-2019-5001	785,768
Impact Aid, Construction	84.041	S041B-2020-5001	214,378
Total CFDA Number 84.041			<u>8,902,837</u>
Total Direct Programs			<u>8,902,837</u>
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20-610101015913	72,098
Elementary & Secondary School Emergency Relief Fd	84.425D	20-521001015913	64,021
Total Passed Through State Department of Education			<u>136,119</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>9,038,956</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71402001	25,137
*School Breakfast Program, SSO (COVID-19 CLOSURE)	10.553	71402001	9,660
Total CFDA Number 10.553			<u>34,797</u>
*National School Lunch Program - Cash Assistance	10.555	71302001	97,273
*National Sch Lunch Prgrm, SSO (COVID-19 CLOSURE)	10.555	71302001	15,820
Total CFDA Number 10.555			<u>113,093</u>
*National School Lunch Prog. - Non-Cash Assistance	10.565	N/A	35,490
Total Child Nutrition Cluster			<u>183,380</u>
Total Passed Through the State Department of Agriculture			<u>183,380</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>183,380</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,307,216</u>

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

LACKLAND INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2020

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's ***Financial Accountability System Resource Guide***. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

- The period performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, Part 3, Uniform Guidance Compliance Supplement.
- CFDA numbers for commodity assistance are the CFDA numbers of the programs under which USDA donated the commodities.