

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT San Antonio, Texas

ANNUAL FINANCIAL REPORT

For The Year Ended August 31, 2017

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

ANNUAL FINANCIAL REPORT

For The Year Ended August 31, 2017

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For The Year Ended August 31, 2017

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INTRODUCTORY SECTION

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

BEXAR

015-908

Name of School District

County

Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and X approved _____ disapproved for the year ended August 31, 2017 at a meeting of the Board of Trustees of such school district on the 25th day of January, 2018.

Leticia Guerra

Signature of Board Vice-President

Angelina Osteguín

Signature of Board President

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

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FINANCIAL SECTION

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Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South San Antonio Independent School District (the "District") as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of South San Antonio Independent School District as of August 31, 2017, 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, budgetary comparison information, schedule of the Districts proportionate share of the net pension liability, and schedule of District contributions, identified as Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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


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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 9, 2018 on our consideration of South San Antonio Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South San Antonio Independent School District's internal control over financial reporting and compliance.

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

January 9, 2018

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2017

This discussion and analysis of South San Antonio Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the year ended August 31, 2017. It should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2017 was \$20,438,644.
- For the fiscal year ended August 31, 2017, the District's general fund reported a total fund balance of \$27,698,301, of which \$319,207 is non spendable, \$2,553,300 is restricted for food service, \$4,255,795 is committed for self-insurance, and \$20,569,999 is unassigned.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds, the debt service fund, and the capital projects fund) reported combined ending fund balances of \$34,836,978.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2017

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2017

The District has three kinds of funds:

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

(Continued)

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$20,438,644 at August 31, 2017. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the fiscal year ended August 31, 2017. The District reported an increase of \$1,844,109 in net position from the prior year. This change can be attributed cost savings implemented by the District. In addition, the District reported prior year restatements related to workers compensation liability, closing of various funds and reversal of legal liabilities which restated net position by \$7,771,936.

Table 1
Net Position

Description	Governmental Activities		Total Change
	2017	2016	2017-2016
Current Assets	\$ 45,382,642	\$ 38,783,600	\$ 6,599,042
Capital Assets	177,082,898	184,867,449	(7,784,551)
Total	<u>222,465,540</u>	<u>223,651,049</u>	<u>(1,185,509)</u>
Deferred Charge on Refunding	7,771,377	8,332,684	(561,307)
Deferred Outflows - Pension	8,367,504	8,032,880	334,624
Total Deferred Outflows of Resources	<u>16,138,881</u>	<u>16,365,564</u>	<u>(226,683)</u>
Current Liabilities	9,150,441	13,989,145	(4,838,704)
Long-term Liabilities	207,719,194	213,677,682	(5,958,488)
Total Liabilities	<u>216,869,635</u>	<u>227,666,827</u>	<u>(10,797,192)</u>
Deferred Inflows - Pension	1,296,142	1,527,186	(231,044)
Total Deferred Inflows of Resources	<u>1,296,142</u>	<u>1,527,186</u>	<u>(231,044)</u>
Net Position:			
Net Investment in Capital Assets	9,873,239	2,302,857	7,570,382
Restricted	4,804,003	6,378,468	(1,574,465)
Unrestricted	5,761,402	2,141,275	3,620,127
Total Net Pension	<u>\$ 20,438,644</u>	<u>\$ 10,822,600</u>	<u>\$ 9,616,044</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2017

Table 2
Changes in Net Position

Description	Governmental Activities		Total Change 2017-2016
	2017	2016	
Revenues			
Program revenues			
Charges for services	\$ 2,359,897	\$ 1,176,683	\$ 1,183,214
Operating grants and contributions	33,331,909	28,411,015	4,920,894
General revenues			
Property taxes	23,045,000	19,932,775	3,112,225
Grants and contributions not restricted	57,259,585	62,195,767	(4,936,182)
Investment earnings	237,336	159,938	77,398
Miscellaneous	313,461	5,955,922	(5,642,461)
Total Revenue	116,547,188	117,832,100	(1,284,912)
Expenses			
Instruction	59,511,310	60,795,743	(1,284,433)
Instructional resources and media services	1,480,152	1,300,523	179,629
Curriculum and staff development	1,982,456	2,292,323	(309,867)
Instructional leadership	3,256,686	3,949,259	(692,573)
School leadership	5,743,237	6,176,690	(433,453)
Guidance, counseling, and evaluation services	3,033,152	2,791,148	242,004
Social work services	415,557	469,585	(54,028)
Health services	1,614,138	1,614,823	(685)
Student transportation	2,120,459	2,064,732	55,727
Food services	7,359,903	7,956,055	(596,152)
Co-curricular/extracurricular activities	2,076,862	2,265,267	(188,405)
General administration	4,154,217	4,300,703	(146,486)
Plant maintenance and operations	9,914,540	10,175,309	(260,769)
Security and monitoring	1,465,318	1,592,330	(127,012)
Data processing services	2,079,272	2,732,698	(653,426)
Community services	471,859	161,363	310,496
Interest on long-term debt	6,594,421	11,259,244	(4,664,823)
Bond issuance costs and fees	23,140	28,790	(5,650)
Payments related to shared service arrangements	281,675	7,171	274,504
Payments to juvenile justice alternative education program	3,412	-	3,412
Other intergovernmental charges	1,121,313	110,869	1,010,444
Total Expenses	114,703,079	122,044,625	(7,341,546)
Changes in Net Position	1,844,109	(4,212,525)	6,056,634
Beginning Net Position (Restated)	18,594,535	15,035,125	3,559,410
Ending Net Position	\$ 20,438,644	\$ 10,822,600	\$ 9,616,044

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2017

Financial Analysis of the District's Funds

At the close of the fiscal year ending August 31, 2017, the District's governmental funds reported a combined fund balance of \$34,836,978. This compares to a combined fund balance of \$24,180,160 at August 31, 2016. The fund balance in the general fund increased \$9,896,611 due to a cost savings implemented by the District and restatement of certain accrued liabilities in the amount of \$7,146,249. The debt service fund decreased \$332,644 due to a decrease in state revenues.

Budgetary Highlights

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

During the period ended August 31, 2017, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. There were no material changes between the original budget and the final amended budget. The general fund's actual revenues exceeded the budgeted revenues by \$2,893,299 and the budgeted expenditures exceeded actual expenditures by \$432,533.

Capital Assets

The District, at the end of the fiscal year, had a historical capital asset valuation of \$299,207,591 which represents an increase of \$1,065,971 attributed primarily to the completion of the auditorium and the removal of obsolete, fully depreciated equipment. For capital asset activity, please refer to Note III (D) of the notes to the basic financial statements on page 38.

Table 3
District's Capital Assets

	Governmental Activities	
	2017	2016
Land and Land Improvements	\$ 2,796,842	\$ 2,796,842
Buildings and Improvements	280,160,873	275,793,285
Furniture and Equipment	16,249,876	16,120,079
Construction in Progress	-	3,431,414
Total at Historical Cost	299,207,591	298,141,620
Less Accumulated Depreciation for:		
Buildings and Improvements	(108,921,852)	(100,330,907)
Furniture and Equipment	(13,202,841)	(12,943,264)
Total Accumulated Depreciation for:	(122,124,693)	(113,274,171)
Governmental Activities Capital Assets, net	\$ 177,082,898	\$ 184,867,449

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2017

Long-Term Debt

At year end the District had \$185,244,408 in long-term debt outstanding as shown in table 4. For detailed information of the District's long term debt refer to Note III (G) on pages 42-44.

Table 4
District's Long-Term Debt

	Governmental Activities	
	2017	2016
Bonds Payable	\$ 163,391,899	\$ 169,946,899
Unamortized Premium	11,821,689	12,617,693
Accreted Interest	8,921,920	8,578,365
Compensated Absences	1,108,900	1,962,047
Total Long-Term Debt	\$ 185,244,408	\$ 193,105,004

In addition, the District reports a net pension liability of \$22,474,786 an increase of \$1,902,108.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered in establishing the District's budget for 2016-2017:

- The District budgeted revenues of \$76,230,032 and expenditures of \$76,207,201 for a surplus of \$22,831 in the general fund. The District closed 3 campuses and clustered the bilingual program at four elementary campuses.
- The District projected a loss of 295 in student enrollment which will be further impacted, in 2018-2019, by the opening of two charter school in our district boundaries. The District anticipates losing 300 to 500 more students in 2018-2019.
- The District's Board of Trustees adopted a Maintenance & Operation tax rate of \$1.04 and an Interest & Sinking tax rate of \$0.4115 for a total of \$1.4515 per \$100 of property valuation.
- The District has a slight increase in taxable property values from \$1.59 billion to \$1.62 billion, but because of the hold harmless formulas established by the state, the District will lose funding from the state that will offset the additional local property taxes collected.
- The District will continue to monitor staffing ratios and spending in order to achieve the anticipated positive impact to the District's fund balance.

The District won the appeal of the lawsuit against the District allowing the District to recognize the \$3.5 million previously expensed in 2015-2016. These funds were placed in the District's General Fund unassigned fund balance.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2017

The District was able to restate the accounting of the workers compensation program, which allowed the district to add an additional \$3.4 million to the General Fund unassigned fund balance. The District has also changed the accounting for the workers compensation program by reclassifying this program to an Internal Service Fund (Fund 753), as per the Texas Education Agency Financial Accounting System Resource Guide (FASRG).

The District corrected the accounting for the Regional Day School for the Deaf Shared Service Arrangement which had previously been accounted for in the General Fund. It now is compliant with the Texas Education Agency FASRG and is accounted for in Fund 435. This will result in a reduction in both revenues and expenditures, for the General Fund in future years (approximately \$800,000).

The District changed its accounting practice for the Food Service Program by moving this program from the General Fund to Fund 240 (Special Revenue Funds). This will result in a reduction in both revenues and expenditures, for the General Fund in future years (approximately \$7.3 million).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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Government-Wide Financial Statements

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2017

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 38,607,964
1220 Property Taxes Receivable (Delinquent)	1,858,118
1230 Allowance for Uncollectible Taxes	(185,811)
1240 Due from Other Governments	4,751,338
1290 Other Receivables, net	31,826
1300 Inventories	319,207
Capital Assets:	
1510 Land	2,796,842
1520 Buildings, Net	171,239,021
1530 Furniture and Equipment, Net	3,047,035
1000 Total Assets	222,465,540
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	7,771,377
1705 Deferred Outflow Related to TRS	8,367,504
1700 Total Deferred Outflows of Resources	16,138,881
LIABILITIES	
2110 Accounts Payable	517,147
2140 Interest Payable	160,845
2150 Payroll Deductions & Withholdings	1,533,010
2160 Accrued Wages Payable	3,447,029
2180 Due to Other Governments	2,917,563
2200 Accrued Expenses	574,847
Noncurrent Liabilities	
2501 Due Within One Year	6,805,000
2502 Due in More Than One Year	178,439,408
2540 Net Pension Liability (District's Share)	22,474,786
2000 Total Liabilities	216,869,635
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS	1,296,142
2600 Total Deferred Inflows of Resources	1,296,142
NET POSITION	
3200 Net Investment in Capital Assets	9,873,239
3820 Restricted for Federal and State Programs	2,553,300
3850 Restricted for Debt Service	65,638
3860 Restricted for Capital Projects	489,279
3890 Restricted for Other Purposes	1,695,786
3900 Unrestricted	5,761,402
3000 Total Net Position	\$ 20,438,644

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT B-1

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

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 59,511,310	\$ 1,305,545	\$ 9,956,556	\$ (48,249,209)
12 Instructional Resources and Media Services	1,480,152	73,511	61,301	(1,345,340)
13 Curriculum and Staff Development	1,982,456	10,502	1,567,839	(404,115)
21 Instructional Leadership	3,256,686	-	1,808,370	(1,448,316)
23 School Leadership	5,743,237	152,273	379,427	(5,211,537)
31 Guidance, Counseling and Evaluation Services	3,033,152	-	259,305	(2,773,847)
32 Social Work Services	415,557	-	93,456	(322,101)
33 Health Services	1,614,138	-	1,217,683	(396,455)
34 Student (Pupil) Transportation	2,120,459	94,484	230,041	(1,795,934)
35 Food Services	7,359,903	379,864	7,286,260	306,221
36 Extracurricular Activities	2,076,862	200,236	48,321	(1,828,305)
41 General Administration	4,154,217	132,364	580,582	(3,441,271)
51 Facilities Maintenance and Operations	9,914,540	-	316,364	(9,598,176)
52 Security and Monitoring Services	1,465,318	-	95,644	(1,369,674)
53 Data Processing Services	2,079,272	-	610,349	(1,468,923)
61 Community Services	471,859	11,118	405,249	(55,492)
72 Debt Service - Interest on Long Term Debt	6,594,421	-	8,415,162	1,820,741
73 Debt Service - Bond Issuance Cost and Fees	23,140	-	-	(23,140)
93 Payments related to Shared Services Arrangements	281,675	-	-	(281,675)
95 Payments to Juvenile Justice Alternative Ed. Prg.	3,412	-	-	(3,412)
99 Other Intergovernmental Charges	1,121,313	-	-	(1,121,313)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 114,703,079	\$ 2,359,897	\$ 33,331,909	(79,011,273)

Data	General Revenues:		
Control			
Codes			
	Taxes:		
MT	Property Taxes, Levied for General Purposes	16,515,448	
DT	Property Taxes, Levied for Debt Service	6,529,552	
GC	Grants and Contributions not Restricted	57,259,585	
IE	Investment Earnings	237,336	
MI	Miscellaneous Local and Intermediate Revenue	313,461	
TR	Total General Revenues	80,855,382	
CN	Change in Net Position	1,844,109	
NB	Net Position - Beginning (Restated)	18,594,535	
NE	Net Position--Ending	\$ 20,438,644	

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

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Governmental Funds Financial Statements

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2017

Data Control Codes	General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 34,955,997	\$ 616,235	\$ 3,032,705	\$ 38,604,937
1220 Property Taxes - Delinquent	1,337,845	520,273	-	1,858,118
1230 Allowance for Uncollectible Taxes (Credit)	(133,784)	(52,027)	-	(185,811)
1240 Receivables from Other Governments	2,534,247	4,162	2,212,929	4,751,338
1260 Due from Other Funds	3,077,478	4,216,480	1,159,006	8,452,964
1290 Other Receivables	31,826	-	-	31,826
1300 Inventories	319,207	-	-	319,207
1000 Total Assets	<u>\$ 42,122,816</u>	<u>\$ 5,305,123</u>	<u>\$ 6,404,640</u>	<u>\$ 53,832,579</u>
LIABILITIES				
2110 Accounts Payable	\$ 372,784	\$ -	\$ 144,363	\$ 517,147
2150 Payroll Deductions and Withholdings Payable	1,533,010	-	-	1,533,010
2160 Accrued Wages Payable	3,178,264	-	266,712	3,444,976
2170 Due to Other Funds	5,375,486	-	3,077,478	8,452,964
2180 Due to Other Governments	2,270,456	145,642	501,465	2,917,563
2200 Accrued Expenditures	574,847	-	-	574,847
2000 Total Liabilities	<u>13,304,847</u>	<u>145,642</u>	<u>3,990,018</u>	<u>17,440,507</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	1,119,668	435,426	-	1,555,094
2600 Total Deferred Inflows of Resources	<u>1,119,668</u>	<u>435,426</u>	<u>-</u>	<u>1,555,094</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	319,207	-	-	319,207
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	2,553,300	-	-	2,553,300
3470 Capital Acquisition and Contractual Obligation	-	-	721,831	721,831
3480 Retirement of Long-Term Debt	-	4,724,055	-	4,724,055
3490 Other Restricted Fund Balance	-	-	1,695,786	1,695,786
Committed Fund Balance:				
3540 Self Insurance	4,255,795	-	-	4,255,795
3600 Unassigned Fund Balance	20,569,999	-	(2,995)	20,567,004
3000 Total Fund Balances	<u>27,698,301</u>	<u>4,724,055</u>	<u>2,414,622</u>	<u>34,836,978</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 42,122,816</u>	<u>\$ 5,305,123</u>	<u>\$ 6,404,640</u>	<u>\$ 53,832,579</u>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 AUGUST 31, 2017

Total Fund Balances - Governmental Funds	\$	34,836,978
The District uses internal service funds to charge the costs of printing, to appropriate functions in other funds. The net effect of this consolidation is to increase net position.		974
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 \$298,141,620 and the accumulated depreciation was (\$113,274,171). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. At the beginning of the year, bonds payable, other long-term liabilities, and compensated absences were (\$184,772,320) and interest payable was (\$281,032). The net effect is to (decrease) net position.		(185,903)
Transactions related to current year capital outlays and long-term debt principal payments, accretion on capital appreciation bonds, changes in compensated absences, and interest payable are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting as follows:		9,195,846
<ul style="list-style-type: none"> ● Acquisition of capital assets of \$1,782,873 ● Principal Payments on bonds payable of \$6,555,000 ● Accretion of capital appreciation bonds of (\$343,555) ● Change in deferred charge for refunded debt was (\$561,307) ● Change in bond premiums of \$796,004 ● Change in interest payable of \$120,187 ● Change in compensated absences of \$853,147 ● Net effect of the disposal of capital assets (\$6,503) 		
The net effect is to increase net position.		
At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$8,032,880, a Deferred Resource Inflow in the amount of (\$1,527,186) and a net pension liability in the amount of (\$20,572,678). The impact of this on Net Position is a (decrease) of (\$14,066,984). Changes from the current year reporting of the TRS plan resulted in a (decrease) in net position in the amount of (\$1,336,440).		(15,403,424)
The 2017 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.		(9,560,921)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting as follows: To recognize unavailable revenue from the current year tax levy as revenues in the amount of \$424,359 and from prior year tax levies in the amount of \$1,130,735. The net effect of these reclassifications and recognitions is to increase net position.		1,555,094
Net Position of Governmental Activities	\$	20,438,644

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT C-3

Data Control Codes		General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 17,462,897	\$ 6,418,414	\$ 1,395,539	\$ 25,276,850
5800	State Program Revenues	60,283,618	6,498,470	1,592,649	68,374,737
5900	Federal Program Revenues	11,243,123	-	10,166,832	21,409,955
5020	Total Revenues	<u>88,989,638</u>	<u>12,916,884</u>	<u>13,155,020</u>	<u>115,061,542</u>
EXPENDITURES:					
Current:					
0011	Instruction	44,267,855	-	8,260,630	52,528,485
0012	Instructional Resources and Media Services	1,214,305	-	60,777	1,275,082
0013	Curriculum and Instructional Staff Development	395,955	-	1,560,466	1,956,421
0021	Instructional Leadership	1,351,764	-	1,695,572	3,047,336
0023	School Leadership	4,739,658	-	246,200	4,985,858
0031	Guidance, Counseling and Evaluation Services	2,501,495	-	127,887	2,629,382
0032	Social Work Services	334,502	-	70,992	405,494
0033	Health Services	1,455,193	-	11,029	1,466,222
0034	Student (Pupil) Transportation	1,779,520	-	148,562	1,928,082
0035	Food Services	7,505,709	-	-	7,505,709
0036	Extracurricular Activities	1,885,676	-	32,503	1,918,179
0041	General Administration	3,776,229	-	121,655	3,897,884
0051	Facilities Maintenance and Operations	9,197,277	-	22,950	9,220,227
0052	Security and Monitoring Services	1,506,562	-	-	1,506,562
0053	Data Processing Services	2,227,859	-	-	2,227,859
0061	Community Services	103,027	-	387,572	490,599
Debt Service:					
0071	Principal on Long Term Debt	-	6,555,000	-	6,555,000
0072	Interest on Long Term Debt	-	6,605,750	-	6,605,750
0073	Bond Issuance Cost and Fees	-	23,140	-	23,140
Capital Outlay:					
0081	Facilities Acquisition and Construction	615,869	-	6,699	622,568
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	281,675	-	-	281,675
0095	Payments to Juvenile Justice Alternative Ed. Prg.	3,412	-	-	3,412
0099	Other Intergovernmental Charges	1,121,313	-	-	1,121,313
6030	Total Expenditures	<u>86,264,855</u>	<u>13,183,890</u>	<u>12,753,494</u>	<u>112,202,239</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,724,783</u>	<u>(267,006)</u>	<u>401,526</u>	<u>2,859,303</u>
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	25,579	-	-	25,579
7915	Transfers In	-	-	804	804
8911	Transfers Out (Use)	-	-	(804)	(804)
7080	Total Other Financing Sources (Uses)	<u>25,579</u>	<u>-</u>	<u>-</u>	<u>25,579</u>
1200	Net Change in Fund Balances	2,750,362	(267,006)	401,526	2,884,882
0100	Fund Balance - September 1 (Beginning)	<u>24,947,939</u>	<u>4,991,061</u>	<u>2,013,096</u>	<u>31,952,096</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 27,698,301</u>	<u>\$ 4,724,055</u>	<u>\$ 2,414,622</u>	<u>\$ 34,836,978</u>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	2,884,882
<p>The District uses internal service funds to charge the costs of printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.</p>		
		974
<p>Transactions related to current year capital outlays and long-term debt principal payments, accretion on capital appreciation bonds, changes in compensated absences, and interest payable are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting as follows:</p>		
<ul style="list-style-type: none"> ● Acquisition of capital assets of \$1,782,873 ● Principal Payments on bonds payable of \$6,555,000 ● Accretion of capital appreciation bonds of (\$343,555) ● Change in deferred charge for refunded debt was (\$561,307) ● Change in bond premiums of \$796,004 ● Change in interest payable of \$120,187 ● Change in compensated absences of \$853,147 ● Net effect of the disposal of capital assets (\$6,503) 		9,195,846
<p>The net effect is to increase net position.</p>		
<p>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.</p>		
		(9,560,921)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting as follows:</p>		
		659,768
<p>To recognize unavailable revenue from the current year tax levy as revenues in the amount of \$424,359 and from prior year tax levies in the amount of \$235,409</p>		
<p>The net effect of these reclassifications and recognitions is to increase net position.</p>		
<p>Various adjustments necessary to record the District's pension liability were as follows:</p>		
<ul style="list-style-type: none"> ● Contributions of \$2,046,675 made after the measurement date of August 31, 2016 were de-expended and recorded as deferred outflows of resources. ● The District amortized its share of unrecognized deferred inflows and outflows of resources for TRS as of the measurement date in the amount of (\$791,654) ● The District's proportionate share of various expense in the amount of (\$2,591,461) were used by TRS to calculate the District's ending net pension liability. 		(1,336,440)
<p>The net effect on the change in the ending net position was a (decrease) in net position</p>		
Change in Net Position of Governmental Activities	\$	1,844,109

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

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Proprietary Funds Financial Statements

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 AUGUST 31, 2017

EXHIBIT D-1

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 3,027
Total Assets	3,027
LIABILITIES	
Current Liabilities:	
Accrued Wages Payable	2,053
Total Liabilities	2,053
NET POSITION	
Unrestricted Net Position	974
Total Net Position	\$ 974

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 152,767
Total Operating Revenues	152,767
OPERATING EXPENSES:	
Payroll Costs	35,805
Professional and Contracted Services	95,156
Supplies and Materials	20,832
Total Operating Expenses	151,793
Operating Income	974
Total Net Position - September 1 (Beginning)	-
Total Net Position - August 31 (Ending)	\$ 974

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 152,767
Cash Payments to Employees for Services	(33,752)
Cash Payments for Suppliers	(115,988)
Net Cash Provided by Operating Activities	3,027
Net Increase in Cash and Cash Equivalents	3,027
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	\$ 3,027
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 974
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accrued Wages Payable	2,053
Net Cash Provided by Operating Activities	\$ 3,027

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

Fiduciary Funds Financial Statements

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2017

EXHIBIT E-1

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 29,400	\$ 224,054
Total Assets	<u>29,400</u>	<u>\$ 224,054</u>
LIABILITIES		
Accounts Payable	-	\$ 1,917
Due to Student Groups	-	222,137
Total Liabilities	<u>-</u>	<u>\$ 224,054</u>
NET POSITION		
Unrestricted Net Position	<u>29,400</u>	
Total Net Position	<u>\$ 29,400</u>	

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	Private Purpose Trust Fund
ADDITIONS:	
Local and Intermediate Sources	\$ 42,400
Total Additions	<u>42,400</u>
DEDUCTIONS:	
Other Operating Costs	<u>13,000</u>
Total Deductions	<u>13,000</u>
Change in Net Position	29,400
Total Net Position - September 1 (Beginning)	<u>-</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 29,400</u></u>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

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

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

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

2. Government-wide and Fund Financial Statements

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The District's Child Nutrition Program is considered a part of the General Fund since it meets the following criteria: (1) no user fees are charged; i.e. Students are not charged for meals and (2) participation in the National School Lunch program is not a factor. The General Fund subsidizes the Child Nutrition Program for all amounts required in excess of the reimbursements.

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

In addition, the District reports the following fund types:

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Internal Service Fund: This fund is used to account for the financing of services provided by one fund to other funds of the District, on a cost -reimbursement basis. This activity includes the print shop of the District.

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

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

3. Measurement Focus Basis of Accounting And Financial Statement Presentation

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Financial Statement Amounts

a. Property Taxes

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

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

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies, as well as instructional supplies.

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Capital Assets

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

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

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

d. Indirect Expenses

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

e. Compensated Absences

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

f. Use of Estimates

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Data Control Codes

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

h. Fund Balance

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

Nonspendable – amounts not available for appropriation or legally earmarked for a specific use. Examples include inventories and prepaid items. At August 31, 2017 the amount of \$319,207 disclosed as nonspendable fund balance relates to inventory.

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

Committed – amounts that require Board action to be used for a specific purpose; such as, certain amounts for construction and capital acquisition. Formal action to commit funds must occur prior to fiscal year end and can only be modified or removed by the same formal action. At August 31, 2017, the amount committed for self-insurance was \$4,255,795.

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

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

i. Spending Order

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Restricted/Unrestricted Resources

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget Data

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

- 1) Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given.
- 3) Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

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

The original budget was approved by the Board on August 17, 2016. The budget may be amended by management without Board approval within a major functional expenditure category and can be amended at the function and fund level only by approval of a majority of the members of the Board. Amendments at the function and fund level are presented to the Board at its regular meetings. Such amendments are required to be made before the fact, are reflected in the official minutes of the Board and are made before the fiscal year end as required by law.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The budget amounts included in this report reflect various amendments made by management or adopted by the Board throughout the year through the final amended budget, which was approved by the Board on August 22, 2017.

B. Excess of Expenditures over Appropriations

During the year the budget was properly amended in accordance with the above procedures; however, the District exceeded the budget in the general fund in the following functions:

	Final Appropriations	Actual Expenditures	Excess
11 Instruction	\$ 43,436,231	\$ 44,267,855	\$ (831,624)
93 Payment to Fiscal Agent	-	281,675	(281,675)
99 Other Intergovernmental Charges	712,920	1,121,313	(408,393)

C. Maintenance of Effort Refunds to TEA

In 2017 the District was advised that in 2015-2016 the District did not meet the Special Education Maintenance of Effort (MOE) requirement and a payment of \$534,074 was paid in the current year to cover the deficiency. In addition, the District has recorded a potential additional liability of \$460,160 due to error noted in its MOE calculations for fiscal years 2014 to 2016. The District is performing further reviews to see if the additional liabilities may be reduced. A total expense of \$944, 235 is reported as part of the expense in function 99 Other Intergovernmental Charges.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and cash equivalents of \$38,604,937 are comprised of the following:

	Governmental Funds			
	Major Funds		Other Funds	Total
	General Fund	Debt Service Fund		
Cash and Cash Equivalents:				
Demand Accounts	\$ 16,198,680	\$ 2	\$ 2,485,236	\$ 18,683,918
Cash on Hand	875	-	-	875
Investment Pools	18,756,442	616,233	547,469	19,920,144
Total	\$ 34,955,997	\$ 616,235	\$ 3,032,705	\$ 38,604,937

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS

Deposits

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

The following is disclosed:

- a. Name of Contracted Depository Bank: Wells Fargo
- b. The highest combined balances of cash, savings, and time deposit accounts at the Wells Fargo Bank amounted to \$30,660,146 and occurred during August 2017.
- c. Total amount of FDIC coverage at the time of largest combined balance was \$393,548.
- d. The amount of securities pledged as of the date of the highest combined balance on deposit was \$34,824,919.

At August 31, 2017, the carrying amount of the District's deposits was \$18,683,918 and the bank balance was \$19,009,369. The District's cash deposits at August 31, 2017 and during the year ended August 31, 2017 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The fiduciary funds report the following balances as of August 31, 2017:

	Fiduciary Funds		
	Fiduciary Funds	Agency Funds	
	Agency Funds	Student Activity Funds	Total
Cash and Cash Equivalents:			
Demand Accounts	\$ 29,400	\$ 224,054	\$ 253,454
Total	\$ 29,400	\$ 224,054	\$ 253,454

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS

Investments

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

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

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

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS

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

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

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

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with its policy, one of the ways the District manages its exposure to interest rate risk is by investing in investment pools which have no stated maturity date; therefore, the funds are always available to meet operational needs. Information about the District's investments is provided by the table below that shows the specific investments and their maturity as of August 31, 2017.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the District's investment policy and the Act and the actual rating as of August 31, 2017 for each investment.

As of August 31, 2017, the District had the following investments:

Investment	Fair Value	Weighted Average Maturity (Days)	** Standard & Poors Rating
Texpool	\$ 35,292	30	AAAm
The Lone Star Pool	19,611,225	22-40	AAA
Texas Term	<u>273,627</u>	1	AAAf
Total	<u>\$ 19,920,144</u>		

** – Minimum Legal Rating Requirement is AAA

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

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

The District has adopted GASB 72. As of August 31, 2017; however, in accordance with GASB 72 as amended, the District reports its investments in local government pools at amortized cost.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Due To/From Other Funds and Interfund Transfers

1. Balances due to and due from other funds at August 31, 2017 consisted of the following:

	Due From	Due To
General Fund:		
Debt Service Fund	\$ -	(4,216,480)
Special Revenues Fund	3,077,478	(1,124,336)
Capital Projects Fund	-	(34,670)
Total	3,077,478	(5,375,486)
Debt Service Fund:		
General Fund	4,216,480	-
Total	4,216,480	-
Non-Major Special Revenue Funds		
General Fund	1,124,336	(3,077,478)
Total	1,124,336	(3,077,478)
Non-Major Capital Projects Funds:		
General Fund	34,670	-
Total	34,670	-
Total Non-Major Funds	1,159,006	(3,077,478)
Grand Total	\$ 8,452,964	\$ (8,452,964)

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

The Due from Balance in the Debt Service and the non-major funds are the result of temporary lending and the restatement of the self-insurance liability.

2. Interfund transfers of \$804 occurred between the Campus Activity Fund and the FFA Air Waste Grant fund upon establishing the new fund.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Receivables from Other Governments

The District participates in a variety of local and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation, per Capita Programs and the Instructional Facilities and Existing Debt Allotment. Amounts due from state, federal and local governments as of August 31, 2017 are summarized below.

	General Fund	Debt Service Fund	Other Non- Major Funds	Total
State Funds	\$ 2,215,994	\$ -	\$ 2,212,929	\$ 4,428,923
Federal Grants	307,554	-	-	307,554
Other	10,699	4,162	-	14,861
	<u>\$ 2,534,247</u>	<u>\$ 4,162</u>	<u>\$ 2,212,929</u>	<u>\$ 4,751,338</u>

D. Capital Assets

Capital asset activity for the year ended August 31, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,796,842	\$ -	\$ -	\$ 2,796,842
Construction in Progress	3,431,414	-	(3,431,414)	-
Total Capital Assets, Not Being Depreciated	<u>6,228,256</u>	<u>-</u>	<u>(3,431,414)</u>	<u>2,796,842</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	275,793,285	4,367,588	-	280,160,873
Equipment and Vehicles	16,120,079	846,699	(716,902)	16,249,876
Total Capital Assets, Being Depreciated	<u>291,913,364</u>	<u>5,214,287</u>	<u>(716,902)</u>	<u>296,410,749</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(100,330,907)	(8,590,945)	-	(108,921,852)
Equipment and Vehicles	(12,943,264)	(969,976)	710,399	(13,202,841)
Total Accumulated Depreciation	<u>(113,274,171)</u>	<u>(9,560,921)</u>	<u>710,399</u>	<u>(122,124,693)</u>
Total Capital Assets, Being Depreciated, Net	<u>178,639,193</u>	<u>(4,346,634)</u>	<u>(6,503)</u>	<u>174,286,056</u>
Governmental Activities Capital Assets, Net	<u>\$ 184,867,449</u>	<u>\$ (4,346,634)</u>	<u>\$ (3,437,917)</u>	<u>\$ 177,082,898</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

Function	Amount
Instruction	\$ 6,284,580
Instructional Resources and Media Services	174,192
Curriculum and Instructional Staff Development	21,875
Instructional Leadership	166,464
School Leadership	646,069
Guidance, Counseling and Evaluation Services	334,665
Health Services	119,416
Student (Pupil) Transportation	363,553
Food Services	235,223
Extracurricular Activities	155,863
General Administration	215,947
Plant Maintenance and Operations	744,518
Security and Monitoring Services	23,173
Data Processing Services	71,510
Community Services	3,875
Total Depreciation Expense	<u>\$ 9,560,921</u>

E. Deferred Outflows / Inflows of Resources

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

The District reports Deferred Resource Outflows and Deferred Resource Inflows in the Statement of Net Position as of August 31, 2017 as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Charge for Refunding of Debt	\$ 7,771,377	\$ -
District's Share of Resources related to TRS Pension	8,367,504	(1,296,142)
Reported by the District as of August 31, 2017	<u>\$ 16,138,881</u>	<u>\$ (1,296,142)</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

At August 31, 2017, unavailable revenues reported as deferred inflows of resources in the governmental funds were as follows:

	Major Fund		
	General Fund	Debt Service Fund	Total Governmental Funds
Deferred Inflows of Resources related to Property Taxes	\$ 1,119,668	\$ 435,926	\$ 1,555,094

The unavailable revenue of \$1,555,094 relates to uncollected property taxes, which are not susceptible to accrual based on the modified accrual basis of accounting

F. Due to Other Governments

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

Amounts due to state and local governments as of August 31, 2017 are summarized below:

	General Fund	Debt Service Fund	Other Non-Major Funds	Total
State	\$ 2,270,456	\$ 145,642	\$ 497,912	\$ 2,914,010
Federal	-	-	3,553	3,553
	\$ 2,270,456	\$ 145,642	\$ 501,465	\$ 2,917,563

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Obligations

1. Long-Term Obligation Activity

Description	Original Issue Amount	Final Maturity	Interest Rate Payable	Amount Outstanding 09/01/16	Issued	Retired	Amount Outstanding 08/31/17
Unlimited Tax School Building Bonds:							
Series 2005	\$ 40,500,000	2022	3.25 - 5%	\$ 7,510,000	\$ -	\$ -	\$ 7,510,000
Series 2007	37,130,000	2025	4. - 4.50%	900,000	-	(900,000)	-
Series 2010	22,116,909	2035	3.25 - 5.02%	22,116,909	-	-	22,116,909
Series 2010- BA	26,095,000	2027	4.607-5.29%	26,095,000	-	-	26,095,000
Unlimited Tax Qualified School Construction Bonds							
Series 2010	9,785,000	2027	5.19%	9,785,000	-	-	9,785,000
Unlimited Tax School Refunding Bonds:							
Series 2010	23,475,000	2029	4 - 5%	17,920,000	-	(2,175,000)	15,745,000
Series 2011	8,680,000	2028	3-3.6%	8,575,000	-	(125,000)	8,450,000
Series 2012	8,390,000	2032	3-3.5%	8,390,000	-	-	8,390,000
Series 2012A	24,815,000	2029	3 -4.25%	20,430,000	-	(1,275,000)	19,155,000
Series 2012B	4,245,000	2017	4.25%	4,245,000	-	(2,080,000)	2,165,000
Series 2013	18,465,000	2035	2 -5%	18,465,000	-	-	18,465,000
Series 2014	25,835,000	2034	4.-5%	25,380,000	-	-	25,380,000
Capital Appreciation Bonds:							
Series 2014	455,000	2022	N/A	130,000	-	-	130,000
Series 2011	4,990	2023	N/A	4,990	-	-	4,990
Totals				<u>\$ 169,946,899</u>	<u>\$ -</u>	<u>\$ (6,555,000)</u>	<u>\$ 163,391,899</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2017, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 6,805,000	\$ 6,340,106	\$ 13,145,106
2019	6,555,869	6,690,756	13,246,625
2020	6,711,187	6,592,051	13,303,238
2021	6,881,515	6,490,948	13,372,463
2022	6,053,475	7,465,537	13,519,012
2023-2027	42,335,144	26,336,223	68,671,367
2028-2032	40,404,021	28,365,829	68,769,850
2033-2037	47,645,688	19,584,314	67,230,002
Total Payments	\$ 163,391,899	\$ 107,865,764	\$ 271,257,663

3. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds Payable	\$ 169,946,899	\$ -	\$ (6,555,000)	\$ 163,391,899	\$ 6,805,000
Net Issuance Premiums (Discounts)	12,617,693	-	(796,004)	11,821,689	-
Accreted Interest	8,578,365	343,555	-	8,921,920	-
Compensated Absences	1,962,047	187,433	(1,040,630)	1,108,900	-
Net Pension Liability	20,572,678	1,902,108	-	22,474,786	-
Total Governmental Activities	\$ 213,677,682	\$ 2,433,096	\$ (8,391,634)	\$ 207,719,194	\$ 6,805,000

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Interest expense was \$6,603,000 for the year ended August 31, 2017.

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

H. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments of \$428,548 as of August 31, 2017.

I. Risk Management

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 fiscal year 2017, the District purchased commercial insurance to cover general liabilities; however, the insurer has entered bankruptcy proceedings. As a result the District has assumed the liability for certain open claims in the amount \$30,000. Accordingly, the District has recorded a related liability as of August 31, 2017 as follows:

<u>Accrued Expenditures</u>	
Property Liability Claims	\$ 30,000
Workers Compensation Liability	544,847
Total	<u>\$ 574,847</u>

J. Revenues from Local and Intermediate Sources

Revenues from local and intermediate sources consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>	<u>Internal Service Fund</u>
Property Taxes	\$ 16,019,028	\$ 6,330,083	\$ -	\$ 22,349,111	\$ -
Penalties and Interest	173,362	76,582	-	249,944	-
Tuition and Fees	99,767	-	-	99,767	-
Investment Income	221,914	11,749	3,673	237,336	-
Food Sales	379,864	-	-	379,864	-
Athletic Activities	139,544	-	-	139,544	-
Gifts and Bequests	50,000	-	28,800	78,800	-
Other Revenue	379,418	-	533,373	912,791	152,767
Shared Service Arrangement	-	-	829,693	829,693	-
Total Governmental Activities	<u>\$ 17,462,897</u>	<u>\$ 6,418,414</u>	<u>\$ 1,395,539</u>	<u>\$ 25,276,850</u>	<u>\$ 152,767</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

K. Revenues from Federal Sources

For the year ended August 31, 2017, revenues from federal programs included in the General Fund consisted of the following:

Program or Source	CFDA Number	Amount
National School Breakfast Program	10.553	\$ 2,079,346
National School Lunch Program	10.555	4,738,104
National School Lunch Program-Non Cash Assistance	10.555	428,690
Junior ROTC Program	12, Unknown	70,025
School Health & Related Services Program	N/A	1,109,128
Medicaid Administrative Claiming Program	93.778	23,649
E-Rate Program	N/A	563,987
Tax Bond Subsidy	N/A	1,916,692
Indirect Costs		
Head Start	93.600	59,963
Title I, Part A	84.010	79,775
Title I, Part C Migrant	84.011	3,603
IDEA B, Part B Formula	84.027	52,101
IDEA B, Part B Preschool	84.173	652
Career & Technology	84.048	3,379
ESEA II, A Training & Recruiting	84.367	14,564
Title III, A English Language Acquisition	84.365	2,876
SSA IDEA Part B Discretionary	84.027	991
School Climate Transformation Project	84.184	95,598
Total		<u>\$ 11,243,123</u>

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

L. Pension Plan

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/TRSDocuments/cafr_2016.pdf; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2016 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2016.

Net Pension Liability	Total
Total Pension Liability	\$ 171,797,150,487
Less: Plan Fiduciary Net Position	(134,008,637,473)
Net Pension Liability	<u>\$ 37,788,513,014</u>
Net Position as a percentage of Total Pension Liability	78.00%

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

	Contribution Rates & Amounts	
	2017	2016
Member	7.7%	7.2%
Non-Employer Contributing Entity (NECE) (State)	6.8%	6.8%
Employer	6.8%	6.8%
Member/Employee Contributions (1)	\$ 4,775,878	\$ 1,499,228
NECE On-Behalf Contributions (2)	\$ 3,045,323	\$ 4,985,805
Employer/District Contributions (2)	\$ 1,977,312	\$ 1,723,307

(1) Amounts obtained from District's records.

(2) 2016 amounts provided by TRS; 2017 amounts obtained from District's records.

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part of all of an employee's salary is paid by federal funding sources, or a privately sponsored source.

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

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

Actuarial Assumptions. The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases Including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the Year	None
Ad hoc Post-Employment Benefit Changes	None
Municipal Hard Rate	None

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

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

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2016 Net Pension Liability.

	1 % Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$ 34,783,397	\$ 22,474,786	\$ 12,034,595

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2017, the District reported a liability of \$22,474,786 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 22,474,786
State's proportionate share that is associated with the District	36,147,509
Total	\$ 58,622,295

The net pension liability was measured as of August 31, 2016 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, 2015 through August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was .0594751786% which was an increase of .0012758786% from its proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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, 2017, the District recognized pension expense of \$3,751,249 and revenue of \$3,751,249 for support provided by the State.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

At August 31, 2017, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amount
Differences between expected and actual economic experience	\$ 352,400	\$ (671,084)	\$ (318,684)
Changes in actuarial assumptions	684,991	(622,971)	(62,020)
Differences between projected and actual investment earnings	1,903,119	-	1,903,119
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,380,319	(2,087)	3,378,232
Total as of August 31, 2016 measurement date	<u>\$ 6,320,829</u>	<u>\$ (1,296,142)</u>	<u>\$ 5,024,687</u>

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

Year Ending August 31,	Pension Expense Amount
2018	\$ 838,770
2019	838,770
2020	2,052,672
2021	745,506
2022	407,545
Thereafter	141,424
Total	<u>\$ 5,024,687</u>

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Totals as of the August 31, 2016 measurement date	\$ 6,320,829	\$ (1,296,142)
Contributions paid to TRS subsequent to the measurement date	2,046,675	-
Total as Reported at August 31, 2017	<u>\$ 8,367,504</u>	<u>\$ (1,296,142)</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

M. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at www.trs.state.tx.us under the TRS Publications heading; by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701; or by calling the TRS Communications Department at 1-800-223-8778.

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal years 2017, 2016, and 2015. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2017, 2016, and 2015. For the years ended August 31, 2017, 2016, and 2015, the State's contributions to TRS-Care were \$571,925, \$569,128, and \$575,777, respectively; the active member contributions were \$403,153, \$390,613, and \$369,933, respectively; and the District's contributions were \$389,670, \$330,519, and \$313,020, respectively; which equaled the required contributions each year.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on behalf of the District were \$185,082, \$233,776, and \$235,147, respectively.

N. Employee Health Care Coverage

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

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

O. Commitments and Contingencies

1. Contingencies

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

2. Litigation

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

P. Shared Services Arrangement – Fiscal Agent

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

Member Districts	Expenditures
Charlotte ISD	\$ 26,236
Devine ISD	19,269
Harlandale ISD	87,565
Jourdanton ISD	27,519
Natalia ISD	10,377
Pleasanton ISD	34,613
Somerset ISD	29,430
Southside ISD	154,567
Southwest ISD	158,442
South San ISD	281,675
Total	<u>\$ 829,693</u>

Q. Worker's Compensation – Risk Management

The District is exposed to various risks of losses related to injuries to employees. The District has decided to limit its commercial insurance to claims in excess of \$1 million because of the prohibitive cost of full coverage and began covering all claims settlements and judgments less than \$1 million out of its General Fund resources. The District currently reports all of its risk management activities in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. In prior years, the District recorded a liability for amounts charged to the various funds of the District in excess of the estimated liability of the self-insurance programs. Overcharges to state and federal funds in prior years resulted in a liability to the state of \$497,912 and a restatement of fund balance in the general fund of \$4,270,210. In the current year the estimated liability for those losses include an estimate of claims that have been incurred but not reported. At year end, the amount of the liability for the self-insurance program is \$544,847.

Fiscal Year	Restated Beginning of Year Liability	Current Year Claims	Claims Payments and Changes in Estimates	End of Year Liability
2016-2017	\$ 738,927	\$ 241,210	\$ 435,290	\$ 544,847

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

R. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount
YWCA	\$ (2,995)

S. Prior Period Restatement

The beginning net position/fund balance at September 1, 2016 were restated as noted below:

Description	General Fund	Non-Major Funds	Governmental Activities
Beginning Net Position/Fund Balance	\$ 17,801,690	\$ 1,387,409	\$ 10,822,600
Removal of legal liability from prior years	3,500,000	-	3,500,000
Reclassify as special revenue fund the RDSPD shared service arrangement fund	(623,961)	623,961	-
Correct campus activity fund	-	1,726	1,726
Correct workers compensation program liability	4,270,210	-	4,270,210
Total beginning fund balance (restated)	\$ 24,947,939	\$ 2,013,906	\$ 18,594,536

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2017

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	\$ 17,279,238	\$ 17,279,238	\$ 17,082,957	\$ (196,281)
5800	State Program Revenues	60,762,151	59,153,137	60,243,498	1,090,361
5900	Federal Program Revenues	1,997,764	1,997,764	3,996,983	1,999,219
5020	Total Revenues	80,039,153	78,430,139	81,323,438	2,893,299
EXPENDITURES:					
Current:					
0011	Instruction	45,967,769	43,436,231	44,267,855	(831,624)
0012	Instructional Resources and Media Services	1,138,842	1,232,312	1,214,305	18,007
0013	Curriculum and Instructional Staff Development	492,742	482,913	395,955	86,958
0021	Instructional Leadership	1,634,916	1,556,261	1,351,764	204,497
0023	School Leadership	4,824,551	4,812,261	4,739,658	72,603
0031	Guidance, Counseling and Evaluation Services	2,526,321	2,540,035	2,501,495	38,540
0032	Social Work Services	418,194	418,194	334,502	83,692
0033	Health Services	1,372,776	1,455,776	1,455,193	583
0034	Student (Pupil) Transportation	1,656,148	1,956,487	1,779,520	176,967
0036	Extracurricular Activities	2,047,253	2,122,253	1,885,676	236,577
0041	General Administration	3,835,425	3,926,425	3,776,229	150,196
0051	Facilities Maintenance and Operations	8,823,357	9,320,886	9,000,348	320,538
0052	Security and Monitoring Services	1,716,968	1,770,510	1,506,562	263,948
0053	Data Processing Services	2,280,922	2,355,499	2,227,859	127,640
0061	Community Services	57,381	122,113	103,027	19,086
Capital Outlay:					
0081	Facilities Acquisition and Construction	1,100,000	748,365	615,869	132,496
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	281,675	(281,675)
0095	Payments to Juvenile Justice Alternative Ed. Prg.	20,309	25,309	3,412	21,897
0099	Other Intergovernmental Charges	112,920	712,920	1,121,313	(408,393)
6030	Total Expenditures	80,026,794	78,994,750	78,562,217	432,533
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	12,359	(564,611)	2,761,221	3,325,832
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	25,579	25,579
1200	Net Change in Fund Balances	12,359	(564,611)	2,786,800	3,351,411
0100	Fund Balance - September 1 (Beginning)	24,947,939	24,947,939	24,947,939	-
3000	Fund Balance - August 31 (Ending)	\$ 24,960,298	\$ 24,383,328	\$ 27,734,739	\$ 3,351,411

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT G-2

	2017	2016	2015
District's Proportion of the Net Pension Liability (Asset)	0.059475179%	0.0581993%	0.0449481%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 22,474,786	\$ 20,572,678	\$ 12,006,259
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	36,147,509	34,992,059	30,308,470
Total	<u>\$ 58,622,295</u>	<u>\$ 55,564,737</u>	<u>\$ 42,314,729</u>
District's Covered-Employee Payroll	\$ 60,094,300	\$ 56,912,759	\$ 57,694,241
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	37.39%	36.14%	20.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only three years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended August 31, 2017

Following are notes to Exhibit G-2 at page 52:

Changes of Benefit Terms

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

Changes of Assumptions

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

Significant Assumptions

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

Economic Assumptions

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

Mortality Assumptions

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

Actuarial Methods and Policies

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2017

EXHIBIT G-3

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

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

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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COMBINING STATEMENTS

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Nonmajor Governmental Funds

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2017

Data Control Codes	205 Head Start	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 220,862	\$ 33,663
1240	Receivables from Other Governments	843,821	-	403,514	10,851
1260	Due from Other Funds	29,027	3,150	191,607	7,069
1000	Total Assets	<u>\$ 872,848</u>	<u>\$ 3,150</u>	<u>\$ 815,983</u>	<u>\$ 51,583</u>
LIABILITIES					
2110	Accounts Payable	\$ 256	\$ -	\$ 11,503	\$ 61
2160	Accrued Wages Payable	70,715	-	55,859	-
2170	Due to Other Funds	769,297	3,150	557,014	44,453
2180	Due to Other Governments	32,580	-	191,607	7,069
2000	Total Liabilities	<u>872,848</u>	<u>3,150</u>	<u>815,983</u>	<u>51,583</u>
FUND BALANCES					
Restricted Fund Balance:					
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 872,848</u>	<u>\$ 3,150</u>	<u>\$ 815,983</u>	<u>\$ 51,583</u>

224 IDEA - Part B Formula	225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf
\$ 369,079	\$ 15,472	\$ -	\$ 21,541	\$ 19,984	\$ 112,232	\$ 40,217	\$ 2,837
436,942	1,066	9,050	96,776	16,361	141,488	3,092	-
169,594	2,678	1,993	38,701	5,785	6,839	885	1,660
<u>\$ 975,615</u>	<u>\$ 19,216</u>	<u>\$ 11,043</u>	<u>\$ 157,018</u>	<u>\$ 42,130</u>	<u>\$ 260,559</u>	<u>\$ 44,194</u>	<u>\$ 4,497</u>
\$ 8,922	\$ -	\$ -	\$ -	\$ 55	\$ 16,543	\$ -	\$ -
87,429	1,622	1,195	-	-	-	-	-
709,921	14,916	7,855	118,317	36,290	237,177	43,309	3,088
169,343	2,678	1,993	38,701	5,785	6,839	885	1,409
<u>975,615</u>	<u>19,216</u>	<u>11,043</u>	<u>157,018</u>	<u>42,130</u>	<u>260,559</u>	<u>44,194</u>	<u>4,497</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 975,615</u>	<u>\$ 19,216</u>	<u>\$ 11,043</u>	<u>\$ 157,018</u>	<u>\$ 42,130</u>	<u>\$ 260,559</u>	<u>\$ 44,194</u>	<u>\$ 4,497</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2017

Data Control Codes	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI	393 Texas Successful Schools Prog.	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 9	\$ 1,343	\$ 61
1240	Receivables from Other Governments	-	-	-	-
1260	Due from Other Funds	4,166	-	-	316
1000	Total Assets	<u>\$ 4,166</u>	<u>\$ 9</u>	<u>\$ 1,343</u>	<u>\$ 377</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	3,782	-	1,343	-
2180	Due to Other Governments	384	-	-	-
2000	Total Liabilities	<u>4,166</u>	<u>-</u>	<u>1,343</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	9	-	377
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>9</u>	<u>-</u>	<u>377</u>
4000	Total Liabilities and Fund Balances	<u>\$ 4,166</u>	<u>\$ 9</u>	<u>\$ 1,343</u>	<u>\$ 377</u>

394 Life Skills Program	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	480 Five Palms Citicorp Grant	481 FFA Air Waste Grant	482 SSAISD Education Foundation
\$ -	\$ 600,061	\$ -	\$ 463,011	\$ 265,992	\$ 7,085	\$ 447	\$ 12,551
-	-	124,503	125,465	-	-	-	-
20,307	-	24,426	615,867	-	1	-	-
<u>\$ 20,307</u>	<u>\$ 600,061</u>	<u>\$ 148,929</u>	<u>\$ 1,204,343</u>	<u>\$ 265,992</u>	<u>\$ 7,086</u>	<u>\$ 447</u>	<u>\$ 12,551</u>
\$ -	\$ 95,943	\$ 286	\$ -	\$ 4,095	\$ -	\$ -	\$ -
-	-	2,865	47,027	-	-	-	-
-	148,883	122,894	163,025	32,742	3,095	60	-
310	-	76	41,540	-	1	-	-
<u>310</u>	<u>244,826</u>	<u>126,121</u>	<u>251,592</u>	<u>36,837</u>	<u>3,096</u>	<u>60</u>	<u>-</u>
-	-	-	-	-	-	-	-
19,997	355,235	22,808	952,751	229,155	3,990	387	12,551
-	-	-	-	-	-	-	-
<u>19,997</u>	<u>355,235</u>	<u>22,808</u>	<u>952,751</u>	<u>229,155</u>	<u>3,990</u>	<u>387</u>	<u>12,551</u>
<u>\$ 20,307</u>	<u>\$ 600,061</u>	<u>\$ 148,929</u>	<u>\$ 1,204,343</u>	<u>\$ 265,992</u>	<u>\$ 7,086</u>	<u>\$ 447</u>	<u>\$ 12,551</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2017

Data Control Codes	483 YWCA	484 Madla Lowe Grant	485 Boeing Grant	486 Watershed Wise School Grant	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 11,728	\$ 13,820	\$ 22,000
1240	Receivables from Other Governments	-	-	-	-
1260	Due from Other Funds	195	-	-	-
1000	Total Assets	<u>\$ 195</u>	<u>\$ 11,728</u>	<u>\$ 13,820</u>	<u>\$ 22,000</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	2,995	-	13,819	22,000
2180	Due to Other Governments	195	-	-	-
2000	Total Liabilities	<u>3,190</u>	<u>-</u>	<u>13,819</u>	<u>22,000</u>
FUND BALANCES					
Restricted Fund Balance:					
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	11,728	1	-
3600	Unassigned Fund Balance	(2,995)	-	-	-
3000	Total Fund Balances	<u>(2,995)</u>	<u>11,728</u>	<u>1</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 195</u>	<u>\$ 11,728</u>	<u>\$ 13,820</u>	<u>\$ 22,000</u>

487 San Antonio Sports Foundation	489 Kindred Lowe's Grant	490 Kindred Target Grant	492 Dwight Grant	493 South San High Grant	494 Palo Alto Grant	495 Athens Grant	496 Five Palms Robotics Grant
\$ 95,772	\$ 28	\$ 700	\$ 4,131	\$ 650	\$ 79	\$ 10	\$ 3,134
-	-	-	-	-	-	-	-
70	-	-	-	-	-	-	-
<u>\$ 95,842</u>	<u>\$ 28</u>	<u>\$ 700</u>	<u>\$ 4,131</u>	<u>\$ 650</u>	<u>\$ 79</u>	<u>\$ 10</u>	<u>\$ 3,134</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
17,206	-	-	-	650	-	-	-
70	-	-	-	-	-	-	-
<u>17,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
78,566	28	700	4,131	-	79	10	3,134
-	-	-	-	-	-	-	-
<u>78,566</u>	<u>28</u>	<u>700</u>	<u>4,131</u>	<u>-</u>	<u>79</u>	<u>10</u>	<u>3,134</u>
<u>\$ 95,842</u>	<u>\$ 28</u>	<u>\$ 700</u>	<u>\$ 4,131</u>	<u>\$ 650</u>	<u>\$ 79</u>	<u>\$ 10</u>	<u>\$ 3,134</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2017

Data Control Codes	497 George Bush Foundation	498 Walmart Reading Supply Grant	Total Nonmajor Special Revenue Funds	616 Public Property Finance Fund	
ASSETS					
1110	Cash and Cash Equivalents	\$ 92	\$ 254	\$ 2,338,845	\$ 38,914
1240	Receivables from Other Governments	-	-	2,212,929	-
1260	Due from Other Funds	-	-	1,124,336	-
1000	Total Assets	<u>\$ 92</u>	<u>\$ 254</u>	<u>\$ 5,676,110</u>	<u>\$ 38,914</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 137,664	\$ -
2160	Accrued Wages Payable	-	-	266,712	-
2170	Due to Other Funds	-	197	3,077,478	-
2180	Due to Other Governments	-	-	501,465	-
2000	Total Liabilities	<u>-</u>	<u>197</u>	<u>3,983,319</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3470	Capital Acquisition and Contractual Obligation	-	-	-	38,914
3490	Other Restricted Fund Balance	92	57	1,695,786	-
3600	Unassigned Fund Balance	-	-	(2,995)	-
3000	Total Fund Balances	<u>92</u>	<u>57</u>	<u>1,692,791</u>	<u>38,914</u>
4000	Total Liabilities and Fund Balances	<u>\$ 92</u>	<u>\$ 254</u>	<u>\$ 5,676,110</u>	<u>\$ 38,914</u>

617 Facilities Emergency Grant	618 School Facilities Assistance	699 Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 105,105	\$ 88,533	\$ 461,308	\$ 693,860	\$ 3,032,705
-	-	-	-	2,212,929
-	34,670	-	34,670	1,159,006
<u>\$ 105,105</u>	<u>\$ 123,203</u>	<u>\$ 461,308</u>	<u>\$ 728,530</u>	<u>\$ 6,404,640</u>
\$ -	\$ -	\$ 6,699	\$ 6,699	\$ 144,363
-	-	-	-	266,712
-	-	-	-	3,077,478
-	-	-	-	501,465
<u>-</u>	<u>-</u>	<u>6,699</u>	<u>6,699</u>	<u>3,990,018</u>
105,105	123,203	454,609	721,831	721,831
-	-	-	-	1,695,786
-	-	-	-	(2,995)
<u>105,105</u>	<u>123,203</u>	<u>454,609</u>	<u>721,831</u>	<u>2,414,622</u>
<u>\$ 105,105</u>	<u>\$ 123,203</u>	<u>\$ 461,308</u>	<u>\$ 728,530</u>	<u>\$ 6,404,640</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	205 Head Start	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	2,154,542	-	3,708,997	159,563
5020 Total Revenues	2,154,542	-	3,708,997	159,563
EXPENDITURES:				
Current:				
0011 Instruction	1,166,936	-	2,144,925	52,653
0012 Instructional Resources and Media Services	-	-	295	-
0013 Curriculum and Instructional Staff Development	2,152	-	1,155,132	73,258
0021 Instructional Leadership	579,426	-	209,141	23,081
0023 School Leadership	-	-	117,513	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	38,572	-	-	-
0033 Health Services	10,932	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	31,112	-	67,665	8,943
0051 Facilities Maintenance and Operations	885	-	-	-
0061 Community Services	324,527	-	14,326	1,628
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	2,154,542	-	3,708,997	159,563
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

224 IDEA - Part B Formula	225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang Acquisition	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
2,307,396	28,857	150,863	644,990	171,590	796,211	43,823	-
2,307,396	28,857	150,863	644,990	171,590	796,211	43,823	-
1,824,574	28,857	139,703	569,020	56,886	163,896	36,033	-
-	-	-	-	-	-	-	-
20,865	-	8,160	71,499	99,844	64,664	7,790	-
265,100	-	3,000	-	1,001	476,314	-	-
-	-	-	-	4,916	9,258	-	-
47,414	-	-	-	-	79,488	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
148,562	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
521	-	-	4,471	8,943	-	-	-
-	-	-	-	-	-	-	-
360	-	-	-	-	2,591	-	-
-	-	-	-	-	-	-	-
2,307,396	28,857	150,863	644,990	171,590	796,211	43,823	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI	393 Texas Successful Schools Prog.
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 40
5800 State Program Revenues	-	-	7,245	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	-	-	7,245	40
EXPENDITURES:				
Current:				
0011 Instruction	-	-	7,245	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	-	-	7,245	-
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	40
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	40
0100 Fund Balance - September 1 (Beginning)	-	9	-	337
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 9	\$ -	\$ 377

394 Life Skills Program	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	480 Five Palms Citicorp Grant	481 FFA Air Waste Grant	482 SSAISD Education Foundation
\$ -	\$ -	\$ -	\$ 829,693	\$ 401,290	\$ -	\$ -	\$ -
-	951,530	365,146	268,728	-	-	-	-
-	-	-	-	-	-	-	-
-	951,530	365,146	1,098,421	401,290	-	-	-
-	907,096	157,253	813,259	119,538	-	417	-
-	-	-	-	53,774	-	-	-
-	-	45,431	2,681	8,990	-	-	-
-	-	88,509	50,000	-	-	-	-
-	-	-	-	114,513	-	-	-
-	-	-	-	985	-	-	-
-	-	32,420	-	-	-	-	-
-	-	-	-	97	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	9,815	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	43,100	-	1,040	-	-	-
-	-	-	-	-	-	-	-
-	907,096	366,713	865,940	308,752	-	417	-
-	44,434	(1,567)	232,481	92,538	-	(417)	-
-	-	-	-	-	-	804	-
-	-	-	-	(804)	-	-	-
-	-	-	-	(804)	-	804	-
-	44,434	(1,567)	232,481	91,734	-	387	-
19,997	310,801	24,375	720,270	137,421	3,990	-	12,551
\$ 19,997	\$ 355,235	\$ 22,808	\$ 952,751	\$ 229,155	\$ 3,990	\$ 387	\$ 12,551

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	483 YWCA	484 Madla Lowes Grant	485 Boeing Grant	486 Watershed Wise School Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 66,638	\$ -	\$ -	\$ 22,000
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>66,638</u>	<u>-</u>	<u>-</u>	<u>22,000</u>
EXPENDITURES:				
Current:				
0011 Instruction	67,574	-	4,765	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	22,000
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>67,574</u>	<u>-</u>	<u>4,765</u>	<u>22,000</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(936)</u>	<u>-</u>	<u>(4,765)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	(936)	-	(4,765)	-
0100 Fund Balance - September 1 (Beginning)	<u>(2,059)</u>	<u>11,728</u>	<u>4,766</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ (2,995)</u>	<u>\$ 11,728</u>	<u>\$ 1</u>	<u>\$ -</u>

487 San Antonio Sports Foundation	489 Kindred Lowe's Grant	490 Kindred Target Grant	492 Dwight Grant	493 South San High Grant	494 Palo Alto Grant	495 Athens Grant	496 Five Palms Robotics Grant
\$ 42,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
42,020	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
22,688	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
65	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
22,753	-	-	-	-	-	-	-
19,267	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
19,267	-	-	-	-	-	-	-
59,299	28	700	4,131	-	79	10	3,134
\$ 78,566	\$ 28	\$ 700	\$ 4,131	\$ -	\$ 79	\$ 10	\$ 3,134

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	497 George Bush Foundation	498 Walmart Reading Supply Grant	Total Nonmajor Special Revenue Funds	616 Public Property Finance Fund
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 6,800	\$ -	\$ 1,368,481	\$ 242
5800 State Program Revenues	-	-	1,592,649	-
5900 Federal Program Revenues	-	-	10,166,832	-
5020 Total Revenues	<u>6,800</u>	<u>-</u>	<u>13,127,962</u>	<u>242</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	-	8,260,630	-
0012 Instructional Resources and Media Services	6,708	-	60,777	-
0013 Curriculum and Instructional Staff Development	-	-	1,560,466	-
0021 Instructional Leadership	-	-	1,695,572	-
0023 School Leadership	-	-	246,200	-
0031 Guidance, Counseling and Evaluation Services	-	-	127,887	-
0032 Social Work Services	-	-	70,992	-
0033 Health Services	-	-	11,029	-
0034 Student (Pupil) Transportation	-	-	148,562	-
0036 Extracurricular Activities	-	-	32,503	-
0041 General Administration	-	-	121,655	-
0051 Facilities Maintenance and Operations	-	-	22,950	-
0061 Community Services	-	-	387,572	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>6,708</u>	<u>-</u>	<u>12,746,795</u>	<u>-</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>92</u>	<u>-</u>	<u>381,167</u>	<u>242</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	804	-
8911 Transfers Out (Use)	-	-	(804)	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	92	-	381,167	242
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>57</u>	<u>1,311,624</u>	<u>38,672</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 92</u>	<u>\$ 57</u>	<u>\$ 1,692,791</u>	<u>\$ 38,914</u>

	617 Facilities Emergency Grant	618 School Facilities Assistance	699 Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$	647	\$ 611	\$ 25,558	\$ 27,058	\$ 1,395,539
	-	-	-	-	1,592,649
	-	-	-	-	10,166,832
	647	611	25,558	27,058	13,155,020
	-	-	-	-	8,260,630
	-	-	-	-	60,777
	-	-	-	-	1,560,466
	-	-	-	-	1,695,572
	-	-	-	-	246,200
	-	-	-	-	127,887
	-	-	-	-	70,992
	-	-	-	-	11,029
	-	-	-	-	148,562
	-	-	-	-	32,503
	-	-	-	-	121,655
	-	-	-	-	22,950
	-	-	-	-	387,572
	-	-	6,699	6,699	6,699
	-	-	6,699	6,699	12,753,494
	647	611	18,859	20,359	401,526
	-	-	-	-	804
	-	-	-	-	(804)
	-	-	-	-	-
	647	611	18,859	20,359	401,526
	104,458	122,592	435,750	701,472	2,013,096
\$	105,105	\$ 123,203	\$ 454,609	\$ 721,831	\$ 2,414,622

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Agency Fund

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED AUGUST 31, 2017

	BALANCE SEPTEMBER 1 2016	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2017
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 308,847	\$ 482,557	\$ 567,350	\$ 224,054
Liabilities:				
Accounts Payable	\$ -	\$ 1,917	\$ -	\$ 1,917
Due to Student Groups	308,847	496,479	583,189	222,137
Total Liabilities	\$ 308,847	\$ 498,396	\$ 583,189	\$ 224,054
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 308,847	\$ 482,557	\$ 567,350	\$ 224,054
Liabilities:				
Accounts Payable	\$ -	\$ 1,917	\$ -	\$ 1,917
Due to Student Groups	308,847	496,479	583,189	222,137
Total Liabilities	\$ 308,847	\$ 498,396	\$ 583,189	\$ 224,054

REQUIRED TEA SCHEDULES

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2017

Last 10 Years Ended August 31	(1) (2) Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2008 and prior years	Various	Various	\$ Various
2009	1.040000	0.400000	1,214,462,708
2010	1.040000	0.393800	1,215,559,183
2011	1.040000	0.414900	1,190,427,314
2012	1.040000	0.414900	1,207,596,467
2013	1.040000	0.414900	1,311,710,609
2014	1.040000	0.411500	1,334,190,093
2015	1.040000	0.411500	1,398,872,137
2016	1.040000	0.411500	1,435,618,939
2017 (School year under audit)	1.040000	0.411500	1,487,464,313
1000 TOTALS			

(10) Beginning Balance 9/1/2016	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2017
\$ 467,000	\$ -	\$ 7,793	\$ 1,932	\$ (11,771)	\$ 445,504
62,307	-	3,746	1,441	(106)	57,014
72,073	-	5,066	1,918	(105)	64,984
85,167	-	5,617	2,241	-	77,309
106,659	-	7,815	3,119	208	95,933
98,492	-	14,024	5,595	1,878	80,751
151,621	-	32,395	12,818	2,374	108,782
206,550	-	38,449	15,213	(19,105)	133,783
491,281	-	171,246	67,757	(59,966)	192,312
-	22,588,793	15,753,722	6,233,325	-	601,746
<u>\$ 1,741,150</u>	<u>\$ 22,588,793</u>	<u>\$ 16,039,873</u>	<u>\$ 6,345,359</u>	<u>\$ (86,593)</u>	<u>\$ 1,858,118</u>

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2017

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	\$ 454,303	\$ 454,303	\$ 379,940	\$ (74,363)
5800 State Program Revenues	225,564	225,564	40,120	(185,444)
5900 Federal Program Revenues	7,412,618	7,412,618	7,246,140	(166,478)
5020 Total Revenues	8,092,485	8,092,485	7,666,200	(426,285)
EXPENDITURES:				
0035 Food Services	8,245,979	8,245,979	7,505,709	740,270
0051 Facilities Maintenance and Operations	206,066	206,066	196,929	9,137
6030 Total Expenditures	8,452,045	8,452,045	7,702,638	749,407
1200 Net Change in Fund Balances	(359,560)	(359,560)	(36,438)	323,122
0100 Fund Balance - September 1 (Beginning)	2,875,016	2,875,016	2,875,016	-
3000 Fund Balance - August 31 (Ending)	\$ 2,515,456	\$ 2,515,456	\$ 2,838,578	\$ 323,122

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 6,484,060	\$ 6,484,060	\$ 6,418,414	\$ (65,646)
5800	State Program Revenues	6,458,762	6,325,389	6,498,470	173,081
5020	Total Revenues	12,942,822	12,809,449	12,916,884	107,435
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	4,912,010	6,555,000	6,555,000	-
0072	Interest on Long Term Debt	8,591,909	6,924,919	6,605,750	319,169
0073	Bond Issuance Cost and Fees	-	24,000	23,140	860
6030	Total Expenditures	13,503,919	13,503,919	13,183,890	320,029
1200	Net Change in Fund Balances	(561,097)	(694,470)	(267,006)	427,464
0100	Fund Balance - September 1 (Beginning)	4,991,061	4,991,061	4,991,061	-
3000	Fund Balance - August 31 (Ending)	\$ 4,429,964	\$ 4,296,591	\$ 4,724,055	\$ 427,464

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FEDERAL AWARDS SECTION

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Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South San Antonio Independent School District, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise South San Antonio Independent School District's basic financial statements, and have issued our report thereon dated January 9, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South San Antonio 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 South San Antonio Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of South San Antonio 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.

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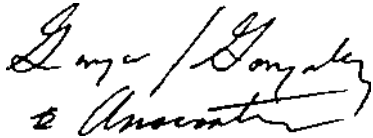
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South San Antonio 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.

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

January 9, 2018

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Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited South San Antonio Independent School District's 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 South San Antonio Independent School District's major federal programs for the year ended August 31, 2016. South San Antonio Independent School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of South San Antonio 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 South San Antonio Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, South San Antonio 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, 2016.

Report on Internal Control Over Compliance

Management of South San Antonio 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 South San Antonio 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 South San Antonio 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



January 9, 2018

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2017

SECTION I --- SUMMARY OF AUDITORS' RESULTS

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

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

<i>Identification of Major Programs</i>			
	CFDA Numbers(s)	Name of Federal Program or Cluster	
	10.553 10.555	Child Nutrition Cluster: School Breakfast Program (SBP) National School Lunch Program (NSLP)	
	Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
	Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No

(Continued)

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2017-1 Budget Preparation and Reporting

Type of Finding: Significant Deficiency

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

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

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

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

Cause: Not known. A contributing factor for the condition noted above could be the turnover in key personnel in the accounting department.

Effect: The District was not in compliance with various budgetary requirements, expenditures exceeded the approved budget and amounts were incorrectly reported in PEIMS.

Questioned Cost: None.

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2017-2 Financial Monitoring and Reporting

Type of Finding: Significant Deficiency

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

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

Cause: Except for investment reports, the District has no policy requiring such financial reports.

Effect: The board of trustees, the superintendent, and key management may not have sufficient information to adequately monitor the financial condition and operations of the District. Errors or discrepancies in financial records could occur and not be detected in a timely manner.

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

PLANNED CORRECTIVE ACTION/VIEWS OF RESPONSIBLE OFFICIALS

Year Ended August 31, 2017

Finding No. 2017-1 – Significant Deficiency – Budget Preparation and Reporting

- We will confirm annually that the Adopted Budget is posted on the District website. The task of verifying the document is posted on the website will be assigned to the Executive Secretary for Finance.
- Budget Amendments are being taken to the Board in advance of being posted to our general ledger. The CFO is responsible for this item.
- We are validating the accounting system to ensure it is accurate with the Board approved budget and verifying the amounts in PEIMS submission. The Executive Director of Budget and Fiscal Services will be responsible for this item.
- New administration, after the final budget amendment, identified some accounting issues, from previous years, that created this overage in functional levels. The Executive Director of Budget and Fiscal Services is responsible for this item.

Finding No. 2017-2 – Significant Deficiency – Financial Monitoring and Reporting

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For The Year Ended August 31, 2017

There were no prior audit findings reported.

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Schedule of Expenditures of Federal Awards

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017

(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>			
ROTC	12.NA		\$ 70,025
Total Direct Programs			\$ 70,025
TOTAL U.S. DEPARTMENT OF DEFENSE			\$ 70,025
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17610101015908	\$ 3,612,785
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101015908	15,097
ESEA, Title I, 1003(A) Priority & Focus Schools	84.010A	17610112015908	160,891
Total CFDA Number 84.010A			3,788,773
ESEA, Title I, Part C - Migratory Children	84.011	17615001015908	163,166
*IDEA - Part B, Formula	84.027	176600010159086000	2,359,497
*SSA - IDEA - Part B, Discretionary	84.027	17660011015908	44,813
Total CFDA Number 84.027			2,404,310
*IDEA - Part B, Preschool	84.173	176610010159086000	29,508
Total Special Education Cluster (IDEA)			2,433,818
Career and Technical - Basic Grant	84.048	17420006015908	154,242
School Climate Transformation Project	84.184	S184G140167-16	17,275
School Climate Transformation Project	84.184	S184G140167-17	869,874
Total CFDA Number 84.184			887,149
LEP Summer School	84.369A	69551602	4,660
Title III, Part A - English Language Acquisition	84.365A	17671001015908	174,466
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	17694501015908	659,554
Total Passed Through State Department of Education			\$ 8,265,828
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 8,265,828
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778		\$ 23,649
Total Passed Through Texas Dept of Human Services			\$ 23,649
<u>Passed Through State Department of Education</u>			
Head Start	93.600	06CH7069-04-01	\$ 1,138,012
Head Start	93.600	06CH7069-05-01	1,076,494
Total CFDA Number 93.600			2,214,506
Total Passed Through State Department of Education			\$ 2,214,506
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 2,238,155
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		\$ 2,079,345
*National School Lunch Program - Cash Assistance	10.555		4,738,104
*National School Lunch Prog - Non-Cash Assistance	10.555		428,689
Total CFDA Number 10.555			5,166,793
Total Child Nutrition Cluster			7,246,138

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2017

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Total Passed Through the State Department of Agriculture			\$ 7,246,138
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 7,246,138</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 17,820,146</u>

*Clustered Programs

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended August 31, 2017

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

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

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H period of availability of Federal Funds, Part 3, *OMB Circular A-133 Compliance Supplement*.
4. Expenditures for the National School Lunch and Breakfast Program are not specifically attributed to the revenue source and are shown on this schedule in an amount equal to revenue. Commodity Supplemental Food Program receipts represent USDA donated commodities received during the year. The related expenditures relate to the issuance of the commodities to the District's campuses.
5. In accordance with TEA instructions, federal funds for the SHARS program of \$1,109,128 have been excluded from the Schedule of Expenditures of Federal Awards.
6. The District has elected not to use the de minimis indirect cost rate.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
San Antonio, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended August 31, 2017

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

- Total Expenditures of Federal Awards (Exhibit K-1)	<u>\$ 17,820,146</u>
- Total Federal Program Revenues (Exhibit C-3)	\$ 21,409,955
Less: SHARS Revenue (excluded from Exhibit K-1)	(1,109,128)
Less: Government Subsidized Debt (excluded from Exhibit K-1)	(1,916,692)
Less: E-Rate Program Revenue (excluded from Exhibit K-1)	<u>(563,989)</u>
	<u>\$ 17,820,146</u>

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